

PAID T.R.A.

Chk # 0 4/197

Amount 25,00

Revd By #R

May 29, 2003

David Waddell, Executive Secretary Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, Tennessee 37243-0505 DOCKET NO.

Re: Application For Certificate to Provide Competing Local Telecommunication Services

Please find enclosed for filing an original and four (4) copies of our Application For Certificate to Provide Competing Local Telecommunication Services. Also enclosed is our \$25.00 filing fee.

Please note that at the present time, EZ Talk Communications, LLC is providing services by a Reseller Certificate, Company ID 00128176, Case Number 98-00390.

Please date stamp the extra copy of this transmittal letter and return it in the enclosed self-addressed stamped envelope. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned at (281) 340-0758 or esingleton@ezt.net.

Respectfully submitted,

Eileen Singleton Compliance Officer

Enclosures

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN THE MATTER OF THE APPLICATION EZ TALK COMMUNICATIONS, LLC FOR A CERTIFICATE TO PROVIDE COMPETING LOCAL TELECOMMUNICATION SERVICES

APPLICATION FOR CERTIFICATE TO PROVIDE COMPETING LOCAL TELECOMMUNICATION SERVICES

Pursuant to applicable Tennessee Statues and the Rules and Regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), EZ Talk Communications, LLC respectfully requests that the Tennessee Regulatory Authority ("TRA") grant to CLECI authority to provide competing local telecommunications services, including exchange access telecommunications services, within the State of Tennessee. CLECI is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services. TCA 65-4-201.

EZ Talk Communications, LLC is presently providing services and certified in the State of Tennessee as a Reseller, Company ID 00128176, Case Number 98-00390.

In support of its Application, CLECI submits the following:

1. The full name and address of the Applicant is:

EZ Talk Communications, LLC 4727 South Main Stafford, Texas 77477 (281) 274-7785

Questions regarding this application should be directed to:

Eileen Singleton Compliance Officer 4727 South Main Stafford, Texas 77477 Telephone (281) 274-7785 Fax (281) 242-0545 E-mail esingleton@ezt.net

Contact name and address of the Company is:
Eileen Singleton, Compliance Officer
EZ Talk Communications, LLC
4727 South Main
Stafford, Texas 77477
Telephone (281) 274-7785
Fax (281) 242-0545
E-mail esingleton@ezt.net

2. <u>Organizational Chart of Corporate Structure:</u>

See Exhibit A

3. <u>Corporate information:</u>

EZ Talk Communications, LLC is a Limited Liability Company, Chartered November 1995, Texas. A copy of CLECI'S Articles of Incorporation and amendments are provided in **Exhibit B.** A copy of CLECI'S Authority to transact business in the State of Tennessee is provided in **Exhibit C.** The name and addresses of the principal officers are in **Exhibit D.** There are no officers in Tennessee. The biographies of the principal officers and any other key technical staff are in **Exhibit E.**

4. <u>CLECI possesses the managerial, technical, and financial ability to provide local telecommunications service in the State of Tennessee as demonstrated below:</u>

A. Financial Qualifications:

EZ Talk Communications, LLC is not a public company, therefore unable to submit the year-end 2002 SEC Form 8-K in Exhibit F. EZ Talk Communications, LLC is a diversified telecommunications company, serving more that 13,000 customers (more than 13,000 local access lines) throughout the United States. EZ Talk Communications, LLC principal lines of business are pre-paid local communications. Local exchange revenues grew 1% in 2002. Cash and cash equivalents provided from operations in 2002 exceeded .558 million.

The Company has a number of financing vehicles in place to ensure adequate liquidity in meeting its anticipated funding needs. The Company has commercial paper programs totaling three (three) Million, which are fully backed credit lines and personal guarantees.

EZ Talk Communications, LLC expects to improve revenues and decrease expenses throughout 2003 as it realizes revenues and operating efficiencies from the transfer of it's provisioning and operating system to and EDI system furnished by Exceleron Software and also being certified as a UNE-P provider. **Exhibit F** summarizes the recent financial performance of EZ Talk Communications, LLC. These include income statements, balance sheets, and statement of cash flows for year-end 2002. Also included are interim statements from January, 2003 through April, 2003 and projections for the remainder of 2003, 2004, 2005, and 2006 including income statements, balance sheets and statement of cash flows. Thus, CLECI asserts that it has the financial resources necessary to operate as a competitive local service provider in Tennessee.

Exhibit G is a capital expenditures budget for 2004, 2005, and 2006 indicating type of equipment to be purchased, cost, and sources for funding of projected capital expenditures.

CLECI'S financial nor their projected financial reflect any revenues or expenses associated with reciprocal compensation.

Corporate Surety Bond is provided as **Exhibit H**

B. Managerial Ability:

As shown in <u>Exhibit E</u> to this Application, CLECI has the managerial expertise to successfully operate a telecommunications enterprise in Tennessee. As described in the Attached biographical information, CLECI'S management team has extensive management and business experience in telecommunications.

C. <u>Technical Qualifications:</u>

CLECI services will satisfy the minimum standards established by the TRA. The Company will file and maintain tariffs in the manner prescribed by the TRA and will meet minimum basic local standards, including quality of service and billing standards required of all LEC'S regulated by the TRA. Applicant will not require customer to purchase CPE, which cannot be used with the Incumbent Local Exchange Carrier's systems. As noted in the biographies **Exhibit E** of the principal officers, there are two officers with several years of

telecommunications expertise. Because CLECI does not own any facilities and buys the service directly from the ILEC, it feels it is certainly technically qualified to provide local exchange service in Tennessee.

5. <u>Proposed Service Area:</u>

CLECI is already authorized to provide telecommunications services in Alabama, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Illinois, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Vermont, Washington, West Virginia, and Virginia as a Reseller and Alabama, Florida, Kentucky, Louisiana, Mississippi, North Carolina, and South Carolina as a CLEC.

The applicant proposes to offer its services throughout the State of Tennessee located in Nashville, Knoxville, Memphis, Chattanooga and Tri-City LATA's. These areas are currently being serviced by Bell South and Sprint/United, which are designated open to competition. CLECI intends to offer pre-paid telecommunications service through the use of resold facilities.

6. <u>Types of Local Exchange Service to be provided:</u>

CLECI expects to offer pre-paid local exchange service, primarily to residential customers in Tennessee. CLECI'S initial line of local services will be comparable to that currently offered by the incumbent LECS. Initially CLECI plans to offer basic access line service and Optional Calling Features, as well as all services required under Chapter 1220-4-8-04 (3) (6) and (2).

7. Repair and Maintenance:

CLECI understands the importance of effective customer service for local service customers. CLECI has made arrangement for its customers to call the company at its toll-free customer service number 1-800-804-6880. In addition, customers may contact the company in writing at the headquarter address, as well as via email at consumeraffairs@ezt.net. The toll free number will be printed on the customer's monthly billing statement. The Tennessee contact person knowledgeable about providers operating is Eileen Singleton, Compliance Officer reference (1.) above.

Grant of the Application will further the goals of the Tennessee Legislature and further the public interest by expanding the availability of competitive telecommunications services in the State of Tennessee. In addition, intrastate offering of these services is in the public interest because the services will provide Tennessee customers that typically are refused service from the ILEC. Most frequently, these Tennessee customers have experienced prior involuntary service disconnections and/or are unable to either pay past due balances or provide a security deposit. In many cases, the service provided by EZ Talk Communications offer the only option for local telecommunications service, including 911 emergency service. By providing service to an otherwise-unserved segment of Tennessee society, EZ Talk Communications service the public interest and fulfill both federal and state universal service goals. Authorizing CLECI to provide pre-paid local exchange telecommunications services will enhance materially the telecommunications infrastructure in the State of Tennessee and will facilitate economic development.

In particular, the public will benefit both directly, through the use of the competitive service to be offered by CLECI and indirectly, because CLECI'S presence in Tennessee will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service. Grant of this Application will further enhance the service options available to Tennessee citizens for the reasons set forth above.

8. <u>Small and Minority-Owned Telecommunications Business Participation Plan:</u> (65-5-212): Exhibit I

- 9. Toll Dialing Parity Plan: Exhibit J
- 10. Applicant has served notice of this application to the eighteen (18) incumbent local exchange telephone companies in Tennessee with a statement regarding the companies intention of operating geographically. See **Exhibit K** for the list.
- 11. <u>Numbering Issues:</u> Statement provided in <u>Exhibit L</u>
- 12. <u>Tennessee Specific Operational Issues:</u> Statements provided in <u>Exhibit M</u>
- 13. <u>Miscellaneous:</u>
 - A. Sworn Pre-filed testimony: **Exhibit N**
 - B. Applicant does not require customer deposit
 - C. As of now CLECI has no open complaints in any of the states, in which we are doing business. CLECI has experienced normal informal complaints in other states but all are closed immediately with no further investigations.
 - **D.** A copy of our tariff is enclosed.

CONCLUSION:

CLECI respectfully requests that the TRA enter an order granting it a certificate of convenience and necessity to operate as a competing telecommunications service provider and authority to provide pre-paid service of local exchange on a facilities-based and resale basis throughout the State of Tennessee in the service areas of Bell South, GTE and Sprint and any other ILEC that does not enjoy a rural exemption under Section 251(f) of the Telecommunications Act of 1996. For the reasons stated above, CLECI'S provision of these services would promote the public interest by providing high-quality service at competitive prices and by creating greater economic incentives for the development and improvement for all competing providers.

Respectfully submitted this 20th day of May 2003.

Tames C. Brown

President

EZ Talk Communications, LLC

Exhibit A

Corporate Structure

TEXAS LIMITED LIABILITY CORPORATION, CHARTERED NOVEMBER, 1995 WHOLLY OWNED

EXHIBIT B

AMENDED AND RESTATED REGULATIONS OF

EZ TALK COMMUNICATIONS, L.L.C. A Texas Limited Liability Company

DATED <u>February 10</u>, 1998

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AMENDED AND RESTATED REGULATIONS OF

EZ TALK COMMUNICATIONS, L.L.C. A Texas Limited Liability Company

These AMENDED AND RESTATED REGULATIONS OF EZ TALK COMMUNICATIONS, L.L.C. (these "Regulations"), dated as of February 10, 1998, are (a) adopted by the Managers (as defined below) and (b) executed and agreed to, for good and valuable consideration, by the Members (as defined below).

ARTICLE I DEFINITIONS

1.01 <u>Definitions</u>. As used in these Regulations, the following terms have the following meanings:

"Act" means the Texas Limited Liability Company Act and any successor statute, as amended from time to time.

"Articles" has the meaning given that term in Section 2.01.

"Bankrupt Member" means (except to the extent a Required Interest consents otherwise) any Member (a) that (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking for the Member a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in a proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member's or of all or any substantial part of the Member's properties; or (b) against which, a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law has been commenced and 120 days have expired without dismissal thereof or with respect to which, without the Member's consent or acquiescence, a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member's properties has been appointed and 90 days have expired without the appointment's having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

"Business Day" means any day other than a Saturday, Sunday, or a holiday on which national banking associations in the State of Texas are closed.

"Capital Contribution" means any contribution by a Member to the capital of the Company.

"Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

"Company" means EZ Talk Communications, L.L.C., a Texas limited liability company.

"Default Interest Rate" means a rate per annum equal to the maximum rate permitted by applicable law.

"Dispose", "Disposing", or "Disposition" means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law), or the acts thereof.

"First Capital" means First Capital Group of Texas II, L.P.

"First Capital Agreement" means that Right of First Refusal, Co-Sale and Voting Agreement dated February ______, 1998, among Company and the Members.

"General Interest Rate" means a rate per annum equal to the lesser of (a) seven percent (7%) per annum, and (b) the maximum rate permitted by applicable law.

"Manager" means any person named in the Articles as an initial manager of the Company and any Person hereafter elected as a manager of the Company as provided in these Regulations, but does not include any Person who has ceased to be a manager of the Company.

"Member" means any Person executing these Regulations as of the date of these Regulations as a member or hereafter admitted to the Company as a member as provided in these Regulations, but does not include any Person who has ceased to be a member in the Company.

"Membership Interest" means the entire ownership interest of a Member in the Company, including, without limitation, rights to distributions (liquidating or otherwise), allocations, information, and to consent or approve, which Membership Interest shall be denominated in Units.

"Permitted Transferee" has the meaning given that term in Section 3.03(b).

"Person" has the meaning given that term in Article 1.02(A)(4) of the Act.

"Proceeding" has the meaning given that term in Section 8.01.

"Regulations" shall mean these Amended and Restated Regulations.

"Required Interest" means one or more Members having among them more than 50% of the Units of all Members.

"Sharing Ratio" with respect to any Member means a fraction (expressed as a percentage), the numerator of which is the number of that Member's Units representing his Membership Interest and the denominator of which is the sum of the Units of all Members.

"TLLCA" means the Texas Limited Liability Company Act (Tex. Rev. Civ. Stat. Ann., Art. 1528n, Art. 1.01, et seq.) and any successor statute, as amended from time to time.

"Unit" or "Units" shall mean the interest in the Company owned by the Members which shall be divided into investment "units" with a demonination of \$1.00 each. The price per Unit paid by each Member shall be established by the Managers.

References to The Brown Group shall mean James C. Brown, Louis Marks and Joseph P. DeLorenzo, Jr. collectively.

Other terms defined herein have the meanings so given them.

1.02 <u>Construction</u>. Whenever the context requires, the gender of all words used in these Regulations includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of these Regulations, and all references to Exhibits are to exhibits attached hereto, each of which is made a part hereof for all purposes.

ARTICLE II ORGANIZATION

- 2.01 <u>Formation</u>. The Company has been organized as a Texas limited liability company by the filing of Articles of Organization (the "Articles") under and pursuant to the Act and the issuance of a certificate of organization for the Company by the Secretary of the State of Texas.
- 2.02 Name. The name of the Company is "EZ TALK COMMUNI-CATIONS, L.L.C." and all Company business must be conducted in that name or such other names that comply with applicable law as the Managers may select from time to time.

- Registered Office; Registered Agent; Principal Office in the United States; Other Offices. The registered office of the Company required by the Act to be maintained in the State of Texas shall be the office of the initial registered agent named in the Articles or such other office (which need not be a place of business of the Company) as the Managers may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Texas shall be the initial registered agent named in the Articles or such other Person or Persons as the Managers may designate from time to time in the manner provided by The principal office of the Company in the United States shall be at such place as the Managers may designate from time to time, which need not be in the State of Texas, and the Company shall maintain records there as required by Article 2.22 of the Act and shall keep the street address of such principal office at the registered office of the Company in the State of Texas. Company may have such other offices as the Managers may designate from time to time.
- 2.04 <u>Purposes</u>. The purposes of the Company are those set forth in the Articles.
- 2.05 Foreign Qualification. Prior to the Company's conducting business in any jurisdiction other than Texas, the Managers shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Managers, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Managers, each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with these Regulations that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the company may conduct business.
- 2.06 **Term.** The Company commenced on the date the Secretary of State of Texas issued a certificate of organization for the Company and shall continue in existence for the period fixed in the Articles for the duration of the Company, or such earlier time as these Regulations may specify.
- 2.07 <u>Mergers and Exchanges</u>. The Company may be a party to (a) a merger, or (b) an exchange or acquisition of the type described in Article 5.02 of the TBCA, subject to the requirements of Section 6.01(b)(ii).
- 2.08 No State-Law Partnership. The members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member or Manager be a partner or joint venturer or any other Member or Manager, for any purposes other than federal and state tax purposes, and these Regulations may not be construed to suggest otherwise.

ARTICLE III MEMBERSHIP; DISPOSITIONS OF INTERESTS

- 3.01 <u>Initial Members</u>. The existing members of the Company are the Persons or entities executing these Regulations as of the date of these Regulations as members, each of which is admitted to the Company as a member effective contemporaneously with the execution by such Person of these Regulations.
- Representations and Warranties. Each Member hereby represents and warrants to the Company and each other Member that (a) if that Member is a corporation, it is duly organized, validly existing, and in good standing under the law of the state of its incorporation and is duly qualified and in good standing as a foreign corporation in the jurisdiction of its principal place of business (if not incorporated herein); (b) if that Member is a limited liability company, it is duly organized, validly existing, and (if applicable) in good standing under the law of the state of its organization and is duly qualified and (if applicable) in good standing as a foreign limited liability company in the jurisdiction of its principal place of business (if not organized therein); (c) if that Member is a partnership, trust, or other entity, it is duly formed, validly existing, and (if applicable) in good standing under the law of the state of its formation, and if required by law is duly qualified to do business and (if applicable) in good standing in the jurisdiction of its principal place of business (if not formed therein), and the representations and warranties in clause (a), (b) or (c), as applicable, are true and correct with respect to each partner (other than limited partners), trustee, or other member thereof; (d) that Member has full corporate, limited liability company, partnership, trust, or other applicable power and authority to execute and agree to these Regulations and to perform its obligations hereunder and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, or other Persons necessary for the due authorization, execution, delivery, and performance of these Regulations by that Member have been duly taken; (e) that Member has duly executed and delivered these Regulations; and (f) that Member's authorization, execution, delivery, and performance of these Regulations do not conflict with any other agreement or arrangement to which that Member is a party or by which it is bound.

3.03 <u>Dispute Resolution - Limited Partners</u>

(a) At any time any Member may exercise the following option with respect only to another party set forth hereinbelow in this Article III (such option hereinafter referred to as the "Buy-Sell Option"). To exercise the Buy-Sell Option, a party shall first offer to purchase its Membership Interest by transmitting to the other party, by personal delivery or certified mail, postage prepaid, return receipt requested, a written notice (the "Notice") of such offer. The party(s) making such offer and sending the

Notice shall be referred to in this Article III as the "Offering Party". The party(s) to whom the offer from the Offering Party is directed shall be referred to in this Article III as the "Offeree Party". The Notice shall describe in detail the following:

- (i) The purchase price to be paid the Offeree Party by the Offering Party;
 - (ii) The date of closing of such purchase;
 - (iii) The amount of cash to be paid at the closing; and
- (iv) The original principal amount of any personal liability promissory note to be executed by the offering Party at the Closing.
- (c) No later notice from any other purported Offering Party shall be effective until completion of any purchase pursuant to a Notice previously mailed or personally delivered to the Offeree Quotaholder set forth in such prior Notice. Each Offeree Party shall receive an identical offer, except that such offer shall take into consideration the possibly differing respective percentage Membership Interest of each Offeree Party, where there is more than one Offeree Party.
- (d) Each Offeree Party shall have a period of thirty (30) days after mailing of the Notice to (i) sell his Membership Interest to the Offering Party pursuant to the terms and conditions set forth in the Notice, or (ii) deliver notice of his intention to purchase the entire interest (or a pro rata part thereof, if two or more Offeree Parties elect such option) of the Offering Party (and of any accepting Offeree Party who has accepted, or has been deemed to accept, the Offering Party offer to purchase) pursuant to the terms and conditions set forth in the Notice.
- (e) Failure to respond to the Notice in writing, postmarked within such thirty (30) day period, or by personal delivery to each Offering Party within such thirty (30) day period, shall be deemed to be an acceptance by such Offeree Party of each Offering Party's offer to purchase such Offeree Party's Membership Interest according to the terms and conditions of the Notice. Each Offeree Party's acceptance of the terms and conditions of the Notice to purchase such Offeree Party's Membership Interest in the Company or the exercise by the Offeree Party of his right to purchase the interest of such Offering Party, shall be binding upon all partners. Should less than all of the Limited Partners comprising the Offeree Party (in a case of more than one Offeree Party) exercise the Buy-Sell Option to purchase such Offering Party's Membership Interest in the Company, then the purchasing members of the Offeree Party shall purchase all of the interest in the Company of each Offering Party and accepting Offeree Quotaholder.

- (f) In the event any Offeree Party (or any Offering Party whose interest in the Company are being acquired by an Offeree Party) fails to execute such documents as are necessary to transfer his or her entire interest in the Company at the time of closing, the Offeree Party(s) is hereby irrevocably granted a Power of Attorney on behalf of the Offering Party(s) to provide the Offeree Party(s) the authority to execute such documents as are necessary to effectuate such transfer.
- (g) Notwithstanding the foregoing, the rights contained in this Section 3.03 shall be subject to the terms of that Right of First Refusal, Co-Sale and Voting Agreement ("First Capital Agreement") dated February _____, 1998, among the Company and the Members.
- (h) The provisions of this §3.03 shall not apply to any Membership Interest owned and shall not be binding upon First Capital Group of Texas II, L.P.

3.04 Restrictions on the Disposition of an Interest.

- (a) Except as specifically provided in this Section 3.04, and Section 4.02, a Disposition of Units may not be effected without the consent of (i) the unanimous consent of the Managers who are Members (excluding any Manager who is making such Disposition), or (ii) if there are no Managers of the type described in clause (i), a Required Interest. Any attempted Disposition by a Person of an interest or right, or any part thereof, in or in respect of the Company other than in accordance with this Section 3.04 shall be, and is hereby declared, null and void ab initio.
- (b) Notwithstanding the provisions of Section 3.04(a), a Member may transfer Units without the consent of the Managers or any of the Members if (i) the transfer occurs by reason of or incident to the death, dissolution, divorce, liquidation, special distribution, merger or termination of the transferor Member, and (ii) the transferee is a Permitted Transferee. A "Permitted Transferee" is any member of such Member's immediate family, any partner or a Member which is a partnership, or a trust, corporation, limited liability company, or partnership controlled by such Member or members of such Member's immediate family, or another Person controlling, controlled by, or under common control with such Member.
- (c) Subject to the provisions of Section 3.04(d), (e), and (f), (i) a Person to whom Units are transferred has the right to be admitted to the Company as a Member, if (A) the Member making such transfer grants the transferee the right to be so admitted, and (B) such transfer is consented to in accordance with Section 3.04(a) and (ii) a Permitted Transferee under the circumstances described in Section 3.04(b) has the right to be admitted to the Company as a Member with the Sharing Ratio and the Commitment so transferred to the Permitted Transferee.

- The Company may not recognize for any purpose any purported Disposition of all or part of a Membership Interest unless and until the other applicable provisions of this Section 3.04 have been satisfied and the Managers have received, on behalf of the Company, a document (i) executed by both the Member effecting the Disposition (or if the transfer is on account of the death, incapacity, or liquidation of the transferor, its representative) and the Person to which the Membership Interest or part thereof is Disposed, (ii) including the notice address of any Person to be admitted to the Company as a Member and its agreement to be bound by these Regulations in respect of the Membership Interest of part thereof being obtained, (iii) setting forth the number of Units after the Disposition of the Member effecting the Disposition and the Person to which Units are Disposed (which together must total the number of units held by the Member effecting the Disposition before the Disposition), and (iv) containing a representation and warranty that the Disposition was made in accordance with all applicable laws and regulations (including securities laws) and, if the Person to which the Membership Interest or part thereof is Disposed is to be admitted to the Company, its representation and warranty that the representations and warranties in Section 3.02 are true and correct with Each Disposition and, if applicable, respect to that Person. admission complying with the provisions of this Section 3.04(d) is effective as of the first day of the calendar month immediately succeeding the month in which the Managers receive the notification of Disposition and other requirements of this Section 3.04 have been met.
- (e) For the right of a Member to Dispose of Units or of any Person to be admitted to the Company in connection therewith to exist or be exercised, (i) either (A) the Units subject to the Disposition or admission must be registered under the Securities Act of 1933, as amended, and any applicable state securities laws (B) the Company must receive a favorable opinion of the Company's legal counsel or of other legal counsel acceptable to the Managers to the effect that the Disposition or admission is exempt from registration under those laws and (ii) the Company must receive a favorable opinion of the Company's legal counsel or of other legal counsel acceptable to the Managers to the effect that the Disposition or admission, when added to the total of all other sales, assignments, or other Dispositions within the preceding 12 months, would not result in the Company's being considered to have terminated within the meaning of the Code. The Managers, however, may waive the requirements of this Section 3.04(e).
- (f) The Member effecting a Disposition and any Person admitted to the Company in connection therewith shall pay, or reimburse the Company for, all costs incurred by the Company in connection with the Disposition or admission (including, without limitation, the legal fees incurred in connection with the legal opinions referred to in Section 3.04(e)) on or before the tenth day after the receipt by that Person of the Company's invoice for the

amount due. If payment is not made by the date due, the Person owing that amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Interest Rate.

- (g) The provisions of this §3.04 shall not apply to any Units owned by, and shall not be binding upon, First Capital Group of Texas II, L.P. and its transferees.
- Additional Members. Additional Persons may be admitted to the Company as Members and Membership Interests or Units may be created and issued to those Persons and to existing Members at the direction of the vote of a Required Interest. terms of admission or issuance must specify the Sharing Ratios and the Units applicable thereto and may provide for the creation of different classes or groups of Members and having different rights, powers and duties. The Managers shall reflect the creation of any new class or group in an amendment to these Regulations indicating the different rights, powers, and duties, and such an amendment need be executed only by the Managers. Any such admission also must comply with the provisions of Section 3.04(d)(i) and (ii) and is effective only after the new Member has executed and delivered to the Managers a document including a new Member's notice address, its agreement to be bound by these Regulations, and its representation and warranty that the representation and warranties in Section 3.02 are true and correct with respect to the new Member. provisions of this Section 3.05 shall not apply to Dispositions of Membership Interests. The Company is hereby authorized to issue the Warrants as set forth in the Warrant Agreement among First Capital and Members dated February _____, 1998.
- 3.06 <u>Membership Interests in a Member</u>. A Member that is not a natural person may not cause or permit a Membership Interest direct or indirect, in itself to be Disposed of such that, after the Disposition, (a) the Company would be considered to have terminated within the meaning of Section 708 of the Code or (b) without the consent of the Managers or a Required Interest, that Member shall cease to be controlled by substantially the same Persons who control it as of the date of its admission to the Company. On any breach of the provisions in clause (b) of the immediately preceding sentence, the Company shall have the option to buy, and on exercise of that option the breaching Member shall sell, the breaching Member's Membership Interest, all in accordance with Section 11.01 as if the breaching Member were a Bankrupt Member.

3.07 <u>Information</u>.

(a) In addition to the other rights specifically set forth in these Regulations, each Member is entitled to all information to which that Member is entitled to have access pursuant to Article 2.22 of the Act under the circumstances and subject to the conditions therein stated. The Members agree, however, that the

Managers from time to time may determine, due to contractual obligations, business concerns, or other considerations, that certain information regarding the business, affairs, properties, and financial condition of the Company should be kept confidential and not provided to some or all other Members, and that it is not just or reasonable for those Members or assignees or representatives thereof to examine or copy that information.

- The Members acknowledge that, from time to time, they may receive information from or regarding the Company in the nature of trade secrets or that otherwise is confidential, the release of which may be damaging to the Company or Persons with which it does business. Each Member shall hold in strict confidence any information it receives regarding the Company that is identified as being confidential (and if that information is provided in writing, that is so marked) and may not disclose it to any Person other than another Member or a Manager, except for disclosures (i) compelled by law (but the Member must notify the Managers promptly of any request for that information, before disclosing it if practicable, (ii) to advisers or representatives of the Member or Person to which that Member's Membership Interest may be Disposed as permitted by these Regulations, but only if the recipients have agreed to be bound by the provisions of this Section 3.07(b), or (iii) of information that Member also has received from a source independent of the Company that the Member reasonably believes obtained that information without breach of any obligation of confidentiality. The Members acknowledge that breach of the provisions of this Section 3.07(b) may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Members agree that the provisions of this Section 3.07(b) may be enforced by specific performance.
- 3.08 <u>Liability to Third Parties</u>. No Member or Manager shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.
- 3.09 <u>Withdrawal</u>. A Member does not have the right or power to withdraw from the Company as a member.
- 3.10 Lack of Authority. No Member (other than a Manager or an officer) has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company, or to incur any expenditures on behalf of the Company.
- 3.11 <u>Trade Secrets</u>. During the term of the Agreement, the Members will have access to and become familiar with trade secrets consisting of formulas, devices, processes and a compilation of information, records, customer lists and specifications (collectively "trade secrets") owned by the Company and regularly used in the operation of the business. Any Members shall not, either during the term hereof or two (2) years after the date of termination by the Member by sale of his interest in the Company,

disclose any such trade secrets, directly or indirectly, nor use them in any way. All files, records, documents, specifications, equipment and similar items relating to the business of the Company, whether or not prepared by the Member, shall remain the exclusive property of the Company and shall not be removed from the premises of the Company under any circumstances without the prior written consent of the Company.

3.12 <u>Non-Competition</u>. For a period of two (2) years immediately following the termination of the Member's ownership in the Company, no Member (except First Capital Group of Texas II, L.P.) shall directly or indirectly (i) make known to any person, firm or corporation the names and addresses of any of the customers of the Company or any other information pertaining to the customers of the Company; (ii) call on solicit or take away or attempt to solicit or take away any of the customers of the Company on whom the Member called or with whom he became acquainted during the term of the Agreement with the Company, either for himself or any other person, firm, corporation or entity.

ARTICLE IV CAPITAL CONTRIBUTIONS

- 4.01 <u>Initial Contributions</u>. Contemporaneously with the execution by each Member of these Regulations, each Member shall be deemed to own the Membership Interest described in Units opposite such Members name on Exhibit A.
 - 4.02 (Intentionally Deleted)
- 4.03 Return of Contributions. A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either of its capital account or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the company to return any Member's Capital Contributions.
- 4.04 Advances by Members. If the Company does not have sufficient cash to pay its obligations, any Member(s) that may agree to do so with the Managers' consent may advance all or part of the needed funds to or on behalf of the company. An advance described in this Section 4.04 constitutes a loan from the Member to the Company, bears interest at the General Interest Rate from the date of the advance until the date of payment, and is not a Capital Contribution.
- 4.05 <u>Capital Accounts</u>. A capital account shall be established and maintained for each Member. Each Member's capital account (a) shall be increased by (i) the amount of money contributed by that Member to the Company, (ii) the fair market value of property contributed by that Member to the Company (net of

liabilities secured by the contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations to that Member of Company income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Treas. Reg. §1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treas. Reg. §1.704-1(b)(4)(i), and (b) shall be decreased by (i) the amount of money distributed to that Member by the Company, (ii) the fair market value of property distributed to that Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under Section 752 of the Code), (iii) allocations to that Member of expenditures of the Company described in Section 705(a)(2)(B) of the Code, and (iv) allocations of Company loss and deduction (or items thereof), including loss and deduction described in Treas. Reg. §1.704-1(b)(2)(iv)(g), but excluding items described in clause (b)(iii) above and loss or deduction described in Treas. Reg. §1.704-1(b)(4)(i) or §1.704-1(b)(4)(iii). The members' capital accounts also shall be maintained and adjusted as permitted by the provisions of Treas. Reg. §1.704-1(b)(2)(iv)(f) and as required by the other provisions of Treas. Reg. §1.704-1(b)(2)(iv) and §1.704-1(b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for book purposes rather than the allocation of the corresponding items as computed for tax purposes, as required by Treas. Reg. §1.704-1(b)(2)(iv)(g). A Member that has more than one Membership Interest shall have a single capital account that reflects all its Membership Interests, regardless of the class of Membership Interests owned by that Member and regardless of the time or manner in which those Membership Interests were acquired. On the transfer of all or part of a Membership Interest, the capital account of the transferor that is attributable to the transferred Membership Interest or part thereof shall carry over to the transferee Member in accordance with the provisions of Treas. Reg. $\S1.704-1(b)(2)(iv)(1)$.

ARTICLE V ALLOCATIONS AND DISTRIBUTIONS

5.01 Allocations.

- (a) Except as may be required by Section 704(c) of the Code and Treas. Reg. §1.704-1(b)(2)(iv)(f)(4), all items of income, gain, loss, deduction, and credit of the Company shall be allocated among the Members in accordance with their Sharing Ratios.
- (b) All items of income, gain, loss, deduction, and credit allocable to any Membership Interest that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning that Membership Interest, without regard to the results of Company operations during any particular portion of that calendar year and without regard to whether cash distributions were

made to the transferor or the transferee during that calendar year; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Code and the regulations thereunder.

5.02 <u>Distributions</u>.

- (a) From time to time (but at least once each calendar quarter) the Managers shall determine in their reasonable judgment to what extent (if any) the Company's cash on hand exceeds its current and anticipated needs, including, without limitation, for operating expenses, debt service, acquisitions, and a reasonable contingency reserve. If such an excess exists, the Managers shall cause the Company to distribute to the Members, in accordance with their Sharing Ratios, an amount in cash equal to that excess.
- (b) From time to time the Managers also may cause property of the Company other than cash to be distributed to the Members, which distribution must be made in accordance with their Sharing Ratios and may be made subject to existing liabilities and obligations. Immediately prior to such a distribution, the capital accounts of the Members shall be adjusted as provided in Treas. Reg. $\S1.704-1(b)(2)(iv)(f)$.
- (c) Any distributions made hereunder must be made in compliance with that Investment Agreement dated February ______, 1998, among First Capital and Members.

ARTICLE IV MANAGERS

6.01 <u>Management by Managers</u>.

- (a) Except for situations in which the approval of the Members is required by these Regulations or by nonwaivable provisions of applicable law, subject to the provisions of the Investors Agreement among the Company and First Capital Group of Texas II, L.P. and subject to the provisions of Section 6.02, (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Managers; and (ii) the Managers may make all decisions and take all actions for the Company not otherwise provided for in these Regulations, including, without limitation, the following, which decisions must be approved by the Required Interest:
 - (i) entering into, making, and performing contracts, agreements, and other undertakings, binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;

- (ii) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
 - (iii) maintaining the assets of the Company in good order;
 - (iv) collecting sums due the Company;
- (v) to the extent that funds of the Company are available therefore, paying debts and obligations of the Company;
- (vi) acquiring, utilizing for Company purposes, and Disposing of any asset of the Company;
- (vii) borrowing money or otherwise committing the credit of the Company for Company activities and voluntary prepayments or extensions of debt;
- (viii) selecting, removing, and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;
 - (ix) obtaining insurance for the Company;
- (x) determining distributions of Company cash and other property as provided in Section 5.02; and
 - (xi) establishing a seal for the Company.
- (b) Notwithstanding the provisions of Section 6.01(a), the Managers may not cause the Company to do any of the following without the affirmative vote of 80% of the Membership Interests:
 - (i) sell, lease, exchange or otherwise dispose of (other than by way of a pledge, mortgage, deed of trust or trust indenture) all or substantially all of the Company's property and assets (with or without good will), other than in the usual and regular course of the Company's business;
 - (ii) be a party to (i) a merger, or (ii) an exchange or acquisition of the type described in Article 5.02 of the TBCA, without complying with the applicable procedures set forth in the Act and the TBCA, including, without limitation; and
 - (iii) amend or restate the Articles, without complying with the applicable procedures set forth in the Act (unless such provision is rendered inapplicable by another provision of applicable law).

- 6.02 <u>Actions by Managers; Committees; Delegation of Authority and Duties.</u>
- (a) In managing the business and affairs of the Company and exercising its powers, the Managers shall act (i) collectively through meetings and written consents pursuant to Sections 6.05 and 6.07; (ii) through committees pursuant to Section 6.02(b); and (iii) through Managers to whom authority and duties have been delegated pursuant to Section 6.02(c).
- (b) The Managers may, from time to time, designate one or more committees, each of which shall be comprised of one or more Managers. A representative of First Capital Group of Texas II, L.P. must be placed on any such committee. Any such committee, to the extent provided in such resolution or in the Articles or these Regulations, shall have and may exercise all of the authority of the Managers, subject to the limitations set forth in the Act and the TBCA. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the unanimous vote of the members present shall be necessary for the adoption of any resolution. The Managers may dissolve any committee at any time, unless otherwise provided in the Articles or these Regulations.
- (c) The Managers may, from time to time, delegate to one or more Managers such authority and duties as the Managers may deem advisable. In addition, the Managers may assign titles (including, without limitation, president, vice president, secretary, assistant secretary, treasurer and assistant treasurer) to any such Manager. Unless the Managers decide otherwise, if the title is one commonly used for officers of a business corporation formed under the TBCA, the assignment of such title shall constitute the delegation to such Manager of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made pursuant to the first sentence of this Section 6.02(c). Any number of titles may be held by the same Manager. Any delegation pursuant to this Section 6.02(c) may be revoked at any time by the Managers.
- (d) Any Person dealing with the Company, other than a Member, may rely on the authority of any Manager or officer in taking any action in the name of the Company without inquiry into the provisions of these Regulations or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of these regulations.
- 6.03 Number and Term of Office. Subject to the provisions of Section 6.05, the number of Managers of the Company shall be four (4): Louis Marks, James C. Brown, Joe P. DeLorenzo, Jr. and a representative of First Capital Group of Texas II, L.P. Randy Beakley shall be deemed an Advisory Manager, but shall have no vote in any affairs of the Company. Each Manager shall hold office for the term for which he is elected and thereafter until

his successor shall have been elected and qualified, or until his earlier death, resignation or removal. Unless otherwise provided in the Articles, Managers need not be Members of residents of the State of Texas.

- Vacancies; Removal; Resignation. Any Manager 6.04 position to be filled by reason of an increase in the number of Managers (except pursuant to Section 6.05 herein) may be filled by election at an annual or special meeting of Members called for that Any vacancy occurring in the Managers other than by purpose. reason of an increase in the number of Managers may be filled (a) by election at an annual or special meeting of the Members called for that purpose or (b) by the affirmative vote of a majority of the remaining Managers though less than a quorum of the Managers. A Manager elected to fill a vacancy occurring other than by reason of an increase in the number of Managers shall be elected for the unexpired term of his predecessors in office. At any meeting of Members at which a quorum of Members is present called expressly for that purpose, or pursuant to a written consent adopted pursuant to these Regulations, any Manager may be removed, with or without cause, by a Required Interest. Any Manager may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the remaining Managers. The acceptance of a resignation shall not be necessary to make it effective, unless The acceptance of a expressly so provided in the resignation. Notwithstanding the foregoing, First Capital Group of Texas II, L.P. shall at all times have the right to name a representative as a Manager.
- 6.05 Notwithstanding the foregoing, nothing herein shall waive or diminish the rights of First Capital Group of Texas II, L.P. under the provisions of Section 5 of the First Capital Agreement.

6.06 Meetings.

- Unless otherwise required by law or provided in the Articles or these Regulations, a majority of the total number of Managers fixed by, or in the manner provided in, the Articles or these Regulations shall constitute a quorum for the transaction of business of the Managers, and the act of a majority of the Managers present at a meeting at which a quorum is present shall be the act A Manager who is present at a meeting of the of the Managers. Managers at which action on any Company matter is taken shall be presumed to have assented to the action unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the Person acting as secretary of the meeting before the adjournment thereof or shall deliver such dissent to the Company immediately after the adjournment of the Such right to dissent shall not apply to a Manager who meeting. voted in favor of such action.
- (b) Meetings of the Managers may be held at such place or places as shall be determined from time to time by resolution of

the Managers. At all meetings of the Managers, business shall be transacted in such order as shall from time to time be determined by resolution of the Managers. Attendance of a Manager at a meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

- (c) In connection with any annual meeting of Members at which Managers were elected, the Managers may, if a quorum is present, hold its first meeting for the transaction of business immediately after and at the same place as such annual meeting of the Members. Notice of such meeting at such time and place shall not be required.
- (d) Regular meetings of the Managers shall be held at such times and places as shall be designated from time to time by resolution of the Managers. Notice of such regular meetings shall not be required.
- (e) Special meetings of the Managers may be called by any Manager on at least 24 hours notice to each other Manager. Such notice need not state the purpose or purposes of, nor the business to be transacted at, such meeting, except as may otherwise be required by law or provided for by the Articles or these Regulations.
- 6.07 <u>Approval or Ratification of Acts or Contracts by Members</u>. The Managers in their discretion may submit any act or contract for approval or ratification at any annual meeting of the Members, or at any special meeting of the Members called for the purposes of considering any such act or contract, and any act or contract that shall be approved or be ratified by a Required Interest shall be as valid and as binding upon the Company and upon all the Members as if it shall have been approved or ratified by every Member of the Company.
- 6.08 Action by Written Consent or Telephone Conference. Any action permitted or required by the Act, the TBCA, the Articles or these Regulations to be taken at a meeting of the Managers or any committee designated by the Managers may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the Managers or members of such committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Texas, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Managers or any such committee, as the case may be. Subject to the requirements of the Act, the TBCA, the Articles or these Regulations for notice of meetings, unless other restricted by the Articles, Managers, or members of any committee designated by the Managers, may participate in and hold a meeting of the Managers or any committee of

Managers, as the case may be, by means of a conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a Person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

6.09 <u>Compensation</u>. The Managers shall receive such compensation, if any, for their services as may be designated from time to time by the Managers. In addition, the Managers shall be entitled to be reimbursed for out-of-pocket costs and expenses incurred in the course of their service hereunder.

6.10 Officers.

- The Managers may, from time to time, designate one or more Persons to be officers of the Company. No officer need be a resident of the State of Texas, a Member or a Manager. officers so designated shall have such authority and perform such duties as the Managers may, from time to time, delegate to them. The Managers may assign titles to particular officers. Unless the Managers decide otherwise, if the title is one commonly used for officers of a business corporation formed under the TBCA, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to (i) any specific delegation of authority and duties made to such officer by the Managers pursuant to the third sentence of this Section 6.09, or (ii) any delegation of authority and duties made to one or more Managers pursuant to Section 6.02(a). Each officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall result or shall have been removed in the manner hereinafter provided. Any number of offices may be held by The salaries or other compensation, if any, of the same Person. the officers and agents of the Company shall be fixed from time to time by the Managers.
- (b) Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Managers. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any officer may be removed as such, either with or without cause, by the Managers whenever in their judgment the best interests of the Company will be served thereby; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the Person so removed. Designation of an officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company (other than Manager) may be filled by the Managers.

ARTICLE VII MEETINGS OF MEMBERS

7.01 Meetings.

- (a) A quorum shall be present at a meeting of Members if the holders of a Required Interest are represented at the meeting in person or by proxy. With respect to any matter, other than a matter for which the affirmative vote of the holders of a specified portion of the Sharing Ratios of all Members entitled to vote is required by the Act, the affirmative vote of a Required Interest at a meeting of Members at which a quorum is present shall be the act of the Members.
- (b) All meetings of the Members shall be held at the principal place of business of the Company or at such other place within or without the State of Texas as shall be specified or fixed in the notices or waivers of notice thereof; provided that any or all Members may participate in any such meeting by means of conference telephone or similar communications equipment pursuant to Section 7.05.
- (c) Notwithstanding the other provisions of the Articles or these Regulations, the chairman of the meeting or the holders of a Required Interest shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. If such meeting is adjourned by the Members, such time and place shall be determined by a vote of the holders of a Required Interest. Upon the resumption of such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.
- (d) An annual meeting of the Members, for the election of the Managers and for the transaction of such other business as may properly come before the meeting, shall be held at such place, within or without the State of Texas, on such date and at such time as the Managers shall fix and set forth in the notice of the meeting, which date shall be within 13 months subsequent to the date of organization of the Company or the last annual meeting of Members, whichever most recently occurred.
- (e) Special meetings of the Members for any proper purpose or purposes may be called at any time by the Managers or by the holders of at least ten percent of the Units outstanding. If not otherwise stated in or fixed in accordance with the remaining provisions hereof, the record date for determining Members entitled to call a special meeting is the date any Member first signs the notice of that meeting. Only Business within the purpose or purposes described in the notice (or waiver thereof) required by these Regulations may be conducted in a special meeting of the Members.

- (f) Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the Managers or Person calling the meeting, to each Member entitled to vote at such meeting. If mailed, any such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his address provided in Section 13.02, with postage thereon prepaid.
- (g) The date on which notice of a meeting of Members is mailed or the date on which the resolution of the Managers declaring a distribution is adopted, as the case may be, shall be the record date for the determination of the Members entitled to notice of or to vote at such meeting, including any adjournment thereof, or the Members entitled to receive such distribution.
- (h) The right of Members to cumulative voting in the election of Managers is expressly prohibited.
- <u>Voting List</u>. The Managers shall make, at least ten days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the Sharing Ratios held by each, which list, for a period of ten days prior to meeting, shall be kept on file at the registered office or principal place of business of the Company and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting. The original membership records shall be prima-facie evidence as to who are the Members entitled to examine such list or transfer records or to vote at any meeting of Members. Failure to comply with the requirements of this Section shall not affect the validity of any action taken at the meeting.
- proxy executed in writing by the Member. A telegram, telex, cablegram or similar transmission by the Member, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the Member shall be treated as an execution in writing for purposes of this Section. Proxies for use at any meeting of Members or in connection with the taking of any action by written consent shall be filed with the Managers, before or at the time of the meeting or execution of the written consent, as the case may be. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the Managers, who shall decide all questions touching upon the qualification of the voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or

inspectors shall decide all such questions. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy. A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Should a proxy designate two or more Persons to act as proxies, unless that instrument shall provide to the contrary, a majority of such Persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, the Company shall not be required to recognize such proxy with respect to such issue if the proxy does not specify how the Sharing Ratios that are the subject of such proxy are to be voted with respect to such issue.

7.04 <u>Conduct of Meetings</u>. All meetings of the Members shall be presided over by the chairman of the meeting, who shall be a Manager (or representative thereof) designated by the unanimous vote of the Managers. The chairman of any meeting of Members shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

7.05 Action by Written Consent or Telephone Conference.

(a) Any action required or permitted to be taken at any annual or special meeting of Members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of not less than the minimum Sharing Ratios that would be necessary to take such action at a meeting at which the holders of all Sharing Ratios entitled to vote on the action were present and voted. Every written consent shall bear the date of signature of each Member who signs the consent. No written consent shall be effective to take the action that is the subject to the consent unless, within 60 days after the date of the earliest dated consent delivered to the Company in the manner required by this Section, a consent or consents signed by the holder or holders of not less than the minimum Sharing Ratios that would be necessary to take the action that is the subject of the consent are delivered to the Company by delivery to its registered office, its principal place of business, or the Managers. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to the Managers. A telegram, telex, cablegram or similar transmission by a Member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Member, shall be regarded as signed by the Member for purposes of this Section.

- (b) The record date for determining Members entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its registered office, its principal place of business, or the Managers. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to the Managers.
- (c) If any action by Members is taken by written consent, any articles or documents filed with the Secretary of State of Texas as a result of the taking of the action shall state, in lieu of any statement required by the Act or the TBCA concerning any vote of Members, that written consent has been given in accordance with the provisions of the Act and the TBCA and that any written notice required by the Act and the TBCA has been given.
- (d) Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a Person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE VIII INDEMNIFICATION

Right to Indemnification. Subject to the limitations and conditions as provided in this Article VIII, each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was a Manager of the Company or while a Manager of the Company is or was serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Company to the fullest extent permitted by the Act and the TBCA, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation,

attorneys' fees) actually incurred by such Person in connection with such Proceeding, and indemnification under this Article VIII shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnify hereunder. The rights granted pursuant to this Article VIII shall be deemed contract rights, and no amendment, modification or repeal of this Article VIII shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article VIII could involve indemnification for negligence or under theories of strict liability.

- The right to indemnification 8.02 Advance Payment. conferred in this Article VIII shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 8.01 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement t indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Company of a written affirmation by such Manager of his or her good faith belief that he has met the standard of conduct necessary for indemnification under this Article VIII and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified Person is not entitled to be indemnified under this Article VIII or otherwise.
- Indemnification of Officers, Employees and Agents. The Company, by adoption of a resolution of the Managers, may indemnify and advance expenses to an officer, employee or agent of the Company to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Managers under this Article VIII; and, the Company may indemnify and advance expenses to Persons who are not or were not Managers, officers, employees or agents of the Company but who are or were serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that it may indemnify and advance expenses to Managers under this Article VIII.
- 8.04 <u>Appearance as a Witness</u>. Notwithstanding any other provision of this Article VIII, the Company may pay or reimburse expenses incurred by a Manager in connection with his appearance as

action left to the determination of an individual Member under Sections 6222 through 6232 of the Code.

ARTICLE X BOOKS, RECORDS, REPORTS, AND BANK ACCOUNTS

- and records of accounts and shall keep minutes of the proceedings of its Members, its Managers and each committee of the Managers. The books of account for the Company shall be maintained on a cash basis in accordance with the terms of these Regulations, except that the capital accounts of the Members shall be maintained in accordance with Section 4.05. The calendar year shall be the accounting year of the Company.
- Reports. On or before the 120th day following the end of each fiscal year during the term of the Company, the Managers shall cause each Member to be furnished with a balance sheet, an income statement, and a statement of changes in Members' capital of the Company for, or as of the end of, that year certified by a recognized firm of certified public accountants. These financial statements must be prepared in accordance with accounting principles generally employed for cash-basis records consistently applied (except as therein noted) and must be accompanied by a report of the certified public accountants certifying the statements and stating that (a) their examination was made in accordance with generally accepted auditing standards and, in their opinion, the financial statements fairly present the financial position, financial results of operations, and changes in Members' capital in accordance with accounting principles generally employed for cash-basis records consistently applied (except as therein noted) and (b) in making the examination and reporting on the financial statements described above, nothing came to their attention that caused them to believe that (i) the income and revenues were not paid or credited in accordance with the financial and accounting provisions of these Regulations, (ii) the costs and expenses were not charged in accordance with the financial and accounting provisions of these Regulations, or (iii) the Managers or any Member failed to comply in any material respect with the financial and accounting provisions of these Regulations, or if they do conclude that the Managers or a Member so failed, specifying the nature and period of existence of the failure. The Managers also may cause to be prepared or delivered such other reports as they may deem appropriate. The Company shall bear the costs of all these reports.
- 10.03 <u>Accounts</u>. The Managers shall establish and maintain one or more separate bank and investment accounts and arrangements for Company funds in the Company name with financial institutions and firms that the Managers determine. The Managers may not commingle the Company's funds with the funds of any Member; however, Company funds may be invested in a manner the same as or

similar to the Managers' investment of their own funds or investments by their Affiliates.

ARTICLE XI BANKRUPTCY OF A MEMBER

Subject to Section 12.01(c), if Bankrupt Members. any Member becomes a Bankrupt Member, the Company shall have the option, exercisable by notice from the Managers to the Bankrupt Member (or its representative) at any time prior to the 180th day after receipt of notice of the occurrence of the event causing it to become a Bankrupt Member, to buy, and on the exercise of this option the Bankrupt Member or its representative shall sell, its Membership Interest. The purchase price shall be an amount equal to the fair market value thereof determined by agreement by the Bankrupt Member (or its representative) and the Managers; however, if those persons do not agree on the fair market value on or before the 30th day following the exercise of the option, either such Person, by notice to the other, may require the determination of fair market value to be made by an independent appraiser specified in that notice. If the Person receiving that notice objects on or before the tenth day following receipt to the independent appraiser designated in that notice, and those Persons otherwise fail to agree on an independent appraiser, either such Person may petition the United States District Judge for the Southern District of Texas, Houston Division, then senior in service to designate an The determination of the independent independent appraiser. appraiser, however designated, is final and binding on all parties. The Bankrupt Member and the Company each shall pay one-half of the costs of the appraisal. The purchaser shall pay the fair market value as so determined in four equal cash installments, the first due on closing and the remainder (together with accumulated interest on the amount unpaid at the General Interest Rate) due on each of the first three anniversaries thereof. The payment to be made to the Bankrupt Member or its representative pursuant to this Section 11.01 is in complete liquidation and satisfaction of all the rights and interest of the Bankrupt Member and its representative (and of all Persons claiming by, through, or under the Bankrupt Member and its representative) in and in respect of the Company, including, without limitation, any Membership Interest, any rights in specific Company property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members, and constitutes a compromise to which all Members have agreed pursuant to Article 5.02(D) of the Act.

ARTICLE XII DISSOLUTION, LIQUIDATION, AND TERMINATION

- 12.01 <u>Dissolution</u>. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following:
 - (a) the written consent or vote of a Required Interest and First Capital Group of Texas, L.P.;

- (b) the expiration of the period fixed for the duration of the Company set forth in the Articles;
- (c) any Manager who is a Member (or, if there is no Manager who is a Member, any Member) shall become a Bankrupt Member (with or without the consent of a Required Interest); provided, however, that if the event described in this Section 12.01(c) shall occur and there shall be at least one other Member remaining, the Company shall not be dissolved, and the business of the Company shall be continued, if all Members so agree; and
- (d) entry of a decree of judicial dissolution of the Company under Article 6.02 of the Act.

Except as provided in Section 12.01(c), the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member, or the occurrence of any other event that terminates the continued membership of a Member in the Company, shall not cause a dissolution of the Company.

- Liquidation and Termination. On dissolution of the Company, the Managers shall act as liquidator or may appoint one or more Members as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Managers. The steps to be accomplished by the liquidator are as follows:
 - (a) as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accounts of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;
 - (b) the liquidator shall cause the notice described in Article 6.05(A)(2) of the Act to be mailed to each known creditor of and claimant against the Company in the manner described in such Article 6.05(A)(2);
 - (c) the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including without limitation, all expenses incurred in liquidation and any advances described in Section 4.05) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

- (d) all remaining assets of the Company shall be distributed to the Members as follows:
 - (i) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the capital accounts of the Members;
 - (ii) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the capital accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in the capital accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and
 - (iii) Company property shall be distributed among the Members in accordance with the positive capital account balances of the Members, as determined after taking into account all capital account adjustments for the taxable year of the Company during which the liquidation of the partnership occurs (other than those made by reason of this clause (iii)); and those distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, 90 days after the date of the liquidation).

All distributions in kind to the Members shall be made subject to the liability of each distributee for costs, expenses, and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses, and liabilities shall be allocated to the distributee pursuant to this Section 12.02. The distribution of cash and/or property to a Member in accordance with the provisions of this Section 12.02 constitutes a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its Membership Interest and all the Company's property and constitutes a compromise to which all Members have consented within the meaning of Article 5.02(D) of the Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

12.03 <u>Deficit Capital Accounts</u>. Notwithstanding anything to the contrary contained in these Regulations, and notwithstanding any custom or rule of law to the contrary, to the extent that the deficit, if any, in the capital account of any Member results from or is attributable to deductions and losses of the Company (including non-cash items such as depreciation), or distributions of money pursuant to these Regulations to all Members in proportion to their respective Sharing Ratios, upon dissolution of the Company

such deficit shall not be an asset of the Company and such Members shall not be obligated to contribute such amount to the Company to bring the balance of such Member's capital account to zero.

12.04 <u>Articles of Dissolution</u>. On completion of the distribution of Company assets as provided herein, the Company is terminated, and the Managers (or such other Person or Persons as the Act may require or permit) shall file Articles of Dissolution with the Secretary of State of Texas, cancel any other filings made pursuant to Section 2.05, and take such other actions as may be necessary to terminate the Company.

ARTICLE XIII GENERAL PROVISIONS

- 13.01 <u>Offset</u>. Whenever the Company is to pay any sum to any Member, any amounts that Member owes the Company may be deducted from that sum before payment.
- 13.02 Except as expressly set forth to the Notices. contrary in these Regulations, all notices, requests, or consents provided for or permitted to be given under these Regulations must be in writing and must be given either by depositing that writing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested or by delivering that writing to the recipient in person, by courier, or by facsimile transmission; and a notice, request, or consent given under these Regulations is effective on receipt by the Person to receive it. All notices, requests, and consents to be sent to a Member must be sent to or made at the addresses given for that Member on Exhibit "A" or such other address as that Member may specify by notice to the other Members. Any notice, request, or consent to the Company or the Managers must be given to the Managers at the following address: 4727 South Main, Stafford, Texas, Whenever any notice is required to be given by law, the Articles or these Regulations, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such
- These Regulations and the Loan Documents (as hereinafter defined) constitute the entire agreement of the Members and their affiliates relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written. Notwithstanding the foregoing, however, the Members agree that the Regulations are subordinate to the following documents, collectively defined as the Loan Documents, executed by Company in connection with that Promissory Note in the original principal sum of \$950,000.00, dated February _____, 1998, payable to First Capital Group of Texas II, L.P.:

- (a) Investment Agreement among First Capital, Company and Members;
- (b) Promissory Note, executed by Company, payable to First Capital in the amount of \$950,000.00;
- (c) Warrant, executed by Company in favor of First Capital;
- (d) Registration Rights Agreement between First Capital and Company;
- (e) Right of First Refusal, Co-Sale and Voting Agreement among First Capital, Company and Members.

The terms and conditions of the Loan Documents are hereby incorporated by reference for all purposes herein. In the event of any conflict between the terms of these Regulations and those contained in the Loan Documents, the terms of the Loan Documents shall control.

- Effect of Waiver or Consent. A waiver of consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.
- amended or modified from time to time only by a written instrument adopted by the Managers and executed and agreed to by a Required Interest; provided, however, that (a) an amendment or modification reducing a Member's Units (other than to reflect changes otherwise provided by these Regulations) is effective only with that Member's consent, (b) an amendment or modification reducing the required Sharing Ratio or other measure for any consent or vote in these Regulations is effective only with the consent or vote of Members having the Sharing Ratio or other measure theretofore required, and (c) amendments of the type described in Section 3.04 may be adopted as therein provided.
- 13.06 <u>Binding Effect</u>. Subject to the restrictions on Dispositions set forth in these Regulations, these Regulations is binding on and inures to the benefit of the Members and their respective heirs, legal representatives, successors, and assigns.

- Governing Law: Severability. THESE REGULATIONS ARE GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THESE REGULATIONS TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of these Regulations and (a) any provision of the Articles, or (b) any mandatory provision of the Act or (to the extent such statutes are incorporated into the Act) the TBCA or the Texas Miscellaneous Corporation Laws Act, the application provision of the Articles, the Act, the TBCA or the Texas Miscellaneous Corporation Laws Act shall control. If any provision of these Regulations or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of these Regulations and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.
- Regulations and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of these Regulations and those transactions.
- 13.09 <u>Waiver of Certain Rights</u>. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.
- 13.10 <u>Indemnification</u>. To the fullest extent permitted by law, each Member shall indemnify the Company, each Manager and each other Member and hold them harmless from and against all losses, costs, liabilities, damages, and expenses (including, without limitation, costs of suit and attorney's fees) they may incur on account of any breach by that Member of these Regulations.
- 13.11 Notice to Members of Provisions of this Agreement. By executing these Regulations, each Member acknowledges that it has actual notice of (a) all of the provisions of this Agreement, including, without limitation, the restrictions on the transfer of Membership Interests set forth in Article III, and (b) all of the provisions of the Articles, (including, without limitation, the fact that the Articles provide that no Member shall have the preemptive right to acquire any Membership Interests or securities of any class that may at any time be issued, sold or offered for sale by the Company). Each Member hereby agrees that these Regulations constitute adequate notice of all such provisions, including, without limitation, any notice requirement under Article 2.19(D) of the TBCA and Chapter 8 of the Texas Uniform Commercial Code, and each Member hereby waives any requirement that any further notice thereunder be given.

13.12 <u>Counterparts</u>. These Regulations may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

IN WITNESS WHEREOF, following adoption of these Regulations, by the Manager, the Members have executed these Regulations as of the date first set forth above.

MEMBERS

Louis Marks

Date: February <u>(0</u>, 1998 Address: 4727 South Main

Stafford, Texas 77477

Marke

James C. Brown

Date: February <u>10</u>, 1998 Address: 4727 South Main

Stafford, Texas 77477

Joseph P. DeLorenzo, Jr.

Date: February <u>10</u>, 1998 Address: 4727 South Main

Stafford, Texas 77477

Randy Beakley

Date: February <u>10</u>, 1998

Address: 4727 South Main

Stafford, Texas 77477

REGULATIONS OF

EZ TALK COMMUNICATIONS, L.L.C. A Texas Limited Liability Company

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

EXHIBIT C

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 12/02/02 REQUEST NUMBER: 4664-0202 TELEPHONE CONTACT: (615) 741-2286 FILE DATE/TIME: 12/02/02 0907 EFFECTIVE DATE/TIME: 12/02/02 0907 CONTROL NUMBER: 0350902

TO: E Z TALK COMMUNICATIONS, L.L.C. 4727 S MAIN

STAFFORD, TX 77477

RE: E Z TALK COMMUNCATIONS, L.L.C. APPLICATION FOR REINSTATEMENT - DOMESTIC LIMITED LIABILITY COMPANY

IT HAS BEEN DETERMINED THAT THE ATTACHED APPLICATION FOR REINSTATEMENT CONTAINS THE INFORMATION REQUIRED BY STATUTE, THEREFORE THE ABOVE LIMITED LIABILITY COMPANY IS HEREBY REINSTATED, OR IF A FOREIGN LIMITED LIABILITY COMPANY, ITS CERTIFICATE OF AUTHORITY IS REINSTATED.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR REINSTATEMNT - DOMESTIC LIMITED LIABILITY COMPANY

ON DATE: 12/02/02

FROM: E Z TALK COMMUNICATIONS LLC 4727 S. MAIN

RECEIVED: \$70.00

\$0.00

STAFFORD, TX 77477-0000

TOTAL PAYMENT RECEIVED:

\$70.00

RECEIPT NUMBER: 00003174987 ACCOUNT NUMBER: 00327792



RILEY C. DARNELL SECRETARY OF STATE

Exhibit D

PRINCIPAL OFFICERS

James C. Brown President 4727 South Main Stafford, Texas 77477

Joseph P. DeLorenzo Vice President 4727 South Main Stafford, Texas 77477

Louis B. Marks Secretary/Treasurer 4727 South Main Stafford, Texas 77477

Exhibit E Page 1 of 3

EZ Talk Communications L.L.C

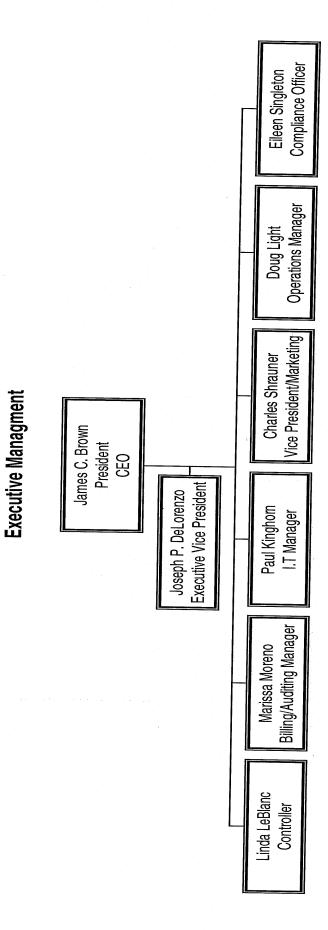


Exhibit E Page 2 of 3

James C. Brown - Founding shareholder and CEO/President of Company. Graduated with a B.B.A. in operating several different companies that he eventually sold to publicly traded companies. Mr. Brown Business Management from Texas A&I in 1971. His background includes successfully owning and has been in the telecommunications industry in many different executive capacities since 1996.

background includes partnering in several different ventures including his law practice. Mr. DeLorenzo Joseph P. DeLorenzo - Founding shareholder and Executive Vice President of Company. Graduated with a B.B.A from University of Texas in 1963 and University of Houston with a L.L.B. in 1966. His has been in the telecommunications industry since 1996 supporting the company's legal compliance issues and also the executive management responsibility for sales and marketing. Linda LeBlanc - Controller of Company. Graduated with a B.B.A. in Accounting from The University of Houston in 1983 and gained her CPA certificate in 1986. Her background includes working in many telecommunications industry as the company's Controller and also being a major contributor in the different accounting capacities with the public and private sector. Ms. LeBlanc has been in the structuring of our accounting and financial practices since January, 1999.

Psychology and Sociology from Angelo State University in 1995. Her telecommunications background includes Customer Service Representation, Order Processing Representation, Supervisor for Customer Marissa Moreno - Billing/Auditing Manager of Company. Graduated Cum Laude with a B.A. in Service and Order Processing, Training and presently Billing/Auditing Manager since 1998.

Exhibit E Page 3 of 3

managed conversions from several different operation systems for the telecommunications industry since 1996. from Baylor University in 1982 and an M.B.A in Information Systems from University of Houston in 1986. Paul Kinghorn - Information Technology Manager of Company. Graduated with a B.B.A. in Accounting His background includes developing original systems for CRM/Billing and Payment Processing, replacing Mr. Kinghorn worked with EZ Talk first as a Consultant from 1996 and as a full time Manager in 1999. legacy PBX with NT-based CTI service, Upgraded in-house CRM/Billing to SQL Service backend and

establishing and maintaining executive level relationships within agents, leading sales organization to support Charles Shrauner - Vice President of Marketing. Graduated with a B.B.A in Business from Texas Tech University in 1989. Responsible for developing and executing a sales, advertising and marketing plan, plan objectives and ensuring advertising plan delivers sales goals. Review and analyze new products, distribution process and agent service processes to meet sales and financial objectives. **Doug Light** – Operations Manager of Company. Associates Degree from Wharton County College. Mr. Light has worked for the telecommunications industry and the Company since 1997 and has grown with the company in many different capacities ranging from Accounting, Marketing, Payment Systems, Agent Relations and presently Customer Service Manager of Service and Provisioning.

includes successfully assisting Mr. James Brown in operating his different companies that he eventually sold to assist in the building of EZ Talk. Ms. Singleton has worked for the Company since 1997 first as developing, structuring and managing the Customer Service/Provisioning Department and then developed and structured publicly traded companies. She then followed Mr. Brown into the Telecommunications industry in 1997 to Eileen Singleton - Compliance Officer of Company. Attended Wharton County College. Her background the Compliance/Regulatory Department in 1999 where she presently remains today.

Exhibit F

2002 SEC Form 8-K

EZ Talk Communications, LLC is a Limited Liability Company, therefore is unable to provide this form.

Column C	Business Model															
The control of the	DOSHIGOS MICOGI	Exhibit F														
The control of the			Actual	Actual	Actual	Actual	Actual	Performs								
	Pushiners:		Dec-02	Jan-03	Feb-03	Mar-03	Apr. 00	GIIOIIII								And loto
Column C	Berr of Berrod					20 1711	<u> </u>	<u>Mav-03</u>	<u>30-un</u>	<u>20-Jul-</u>	Aug-03	Sep-03	Oct-03	Novens	3	י טומן -בטטי
Column C	Sec. 1 (1)		12,325	19.703	EPG 54	45.000								SOLAON.	Dec-03	12 Months
The column The	Substitute Loss		-1,233	1.970	13,044	15,263	16,760	18,350	20,042	21,847	23.777	25,842	500.00			
Column C	wew Customers		2,300	0.00	COC !-	979'1-	-1,676	-1,835	-2,004	9.185	978.02	340°03	79/12/	30,434	32,988	12,7
The control of the	New Customers Loss		059-	004.0	4.000	4,320	4,666	5,039	5,442	5.877	270.3	#00°7	2,806	3,043	-3,299	-22.6
The control of the	End of Period		12.703	20011	1,200	1,296	-1,400	-1,512	-1,633	1.763	100	0,853	7,404	7,996	8,396	61,396
The control of the	Signup Payment Credited to 1st Mth Bill)#6/2 	547/C	16,760	18,350	20,042	21,847	11.8	toes as	700'5	-2.221	2,399	2,519	-18,419
Column C	Average Monthly Recurring Bill				Comm	1st fdonth	offs Month	Ī		11121	23,042	79,057	30,434	32,988	35,566	32.9
Column C	Ten Day Statement				9.3%	30.0%			Taxes							
The color of the	monomo (see					Churn Barn	ę		11.70%							
The column					1	D LUBIO	entrage.									
The control of the																
Continue	ent															
The control of the	Revenues															
Continue	Тахыз		844.627	932,033	1.041.797	1 142 644	1 240 000									
Control Cont	Adireted Description		(98821)	(109048)	(121890)	(123690)	1,400004	1,360,457	1,480,615	1,609,254	1,747,166	1,895,193	2.054.236	0 005 064	110 000 0	
The column The	August Po		745,806	822.985	919 907	12000	(1-0000)	(1581/3)	(173232)	(188283)	(204418)	(921738)	(DADSAR)	(00000)	6,050,233	19,126,94
Column C	Assemble the Consider after Tax				- 383	1,000,333	1,102,014	1,201,283	1,307,383	1.420.972	1 542 747	1 870 AEE	(00000	(200000)	(2/9660)	-2,237,85
The control of the					₩.	60.20	\$ 60.05 \$		P8 65	22.02		1,070,433	1,813,891	1,964,905	2,110,595	16,889.09
The column	G).							×		33.70	29.70	59.65	29.60	59.56	59.34	
This continue	LEC Expenses - Current													-		
The continue of the continue		41.0%	346,297	382 134	497 197	400 404										
The continue of the continue	LEC Expenses - FCC Charge			1000	427,137	468,484	511,694	557,787	607.052	659 794	740 000	000				
The control of the	AN to LAN	000								1000,000	110,338	111,029	842,237	912,357	980.004	7 842 04
The continue of the continue	Silling Media	999	998	998	866	888	000	100								1,042,04
Continue	Postoot Tologon	1,250	1,250	1 250	1 250	200	000	999	998	998	998	RAR	220	000		
The column The	Olitact Telecorri	3.500	3 500	0010	002,1	UC2,1	1,250	1,250	1,250	1 250	1 250	200	000	902	998	10,39
1,000 1,00	sprint WAN	0000	000,0	3,500	3,500	3,500	3,500	3.500	2 500	001	002,1	1,250	1,250	1,250	1.250	15.00
1,100, 1	T Corp Bonds	000%	3,000	3,000	3,000	3.000	3 000		0000	Onc's	3,500	3,500	3,500	3.500	3 500	0000
1,000 1,00	Ing Fees	994	1,600	1,600	1.600	1 600	1 600	1							20015	42,000
1,000 1,00	0.01	0.56%	1,939	2 140	0000	200,1	000,1	1,600	1,600	1,600	1.600	1 800	000	1		12,000
Particle	פוומול מ וווופופצו	2.1%	7 279	2000	20043	470'7	2,865	3,124	3,399	3.695	7 044	200,	000,1	1,600	1,600	19,200
The continue The	stunds	è	3,111	620,0	8,970	9,838	10,746	11.714	12 7/8	70 010	T O	1,351	4,717	5,109	5,488	43 916
This continue	Mai ILEC & Related Expenses		4,220	4,660	5,209	5,713	6.240	8 800	2 400	00000	15,043	16,318	17,687	19.159	20 580	164 007
The continue of the continue			369,948	407,175	453,924	496.875	EA1 764	2000	004,1	8,046	8,736	9,476	10.271	11 128	77.05.7	101,000
1,000 1,00	MV Exercise						10,112	286,043	637,819	692,607	751,344	814.390	007 100	071.0	108,11	95,63
The control of the	JWA Expenses					+						000,510	002,120	954,968	1,025,240	8,244,872
1.100 1.50	IIIIg (COMX)	45.000	47.000													ć,
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	les Tax (COMX)	0005	nnnei	15000	15000	15000	15000									
The continue of the continue	Looft	8.25%	1238	1238	1938	0007	0000							-		
1	Coll	1650	1.650	1 850	7	1238	1238									60,000
The control of the	st Logic	275	140	000,	Oca, I	1,650	1,650	0	C		1					4 950
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	tal COMX	3	0/0	375	375	375	375		0		0	0	0	0	C	000
Section Sect			18,263	18,263	18,263	18 263	10 969		0	0	0	0	c	0		Onaro
The control of the	mmworks Expenses						10,400	0	0	0	0	-			0	1,500
The continue The	ing (Commworks)											2	0	0	0	73,050
The control of the	es Tax (Commworks)	00:1				16760	10050	0,000							-	
Thirties	(Silver 1)	8.25%				200	00001	20042	21847	23777	25842	28057	10000			
The Continue The	ult Card Fees (Commworks)	0.00%				1383	1514	1653	1802	1962	2122	10007	30434	32988	35566	253,664
Continue	Soft	650				0	0	0	С		2012	2315	2511	2721	2934	20.927
Paycolate Payc	al Commworks					650	650	650	920	0 0	0	0	0	0	0	
Participation Participatio			5	0	0	18.793	20.514	20 0AE	200	nco	650	650	650	650	GEO	0
The continuent of the continue	iversion Cost							24,340	24,300	26,388	28,624	31,022	33.595	36 350	000	0000
Particular Separation Sep														200/20	03,130	781,091
Particular Par	nd lotal		388 240	201 101				1,000	1,000	1,000	1,000	1.000	000	000		
Payoli	Gabe II EC & Delated on S1.		000000	425,437	472,186	533,931	580,538	608.988	682 140	-00 071		and:	000,1	1,000	10,000	17,000
Payroll Payr	rays incomer a related per Customer	es.		07 6C		1.38			902,119	718,995	779,969	845,411	915,722		1 064 200	0.000
Payroll 11,500	age birect Variable Expense per Customer	9		20.72						2000	_2000				060,400,	6,589,013
11,500 1	110			31.55	₩-	₩.									28.83	
11,500 1	rations							<u> </u>	æ_	SS	339E				29.93	
1,500 11	rations Management Pavroll												_	<u> </u>		
Harting Hart	rations Payroll		11,500	11,500	11,500	11.500	11 500	44.700								
Handle H	aylon		73,433	77 291	22 241	000,11	000,11	11,500	11,500	11,500	11.500	11 500	001			
Section	al Operations Pavroli		200	162,11	83,341	89,670	96,449	103,716	111.519	110 000	000,11	000,11	11,500	11,500		138.000
Propert Prop			84,933	88.791	94 841	404 470	010 201			200,011	618,821	138,622	149,070	160.327		1 400 540
Paris Pari	age Operations per Customer	•	25.5		+3	0/1/10	248,701	115,216	123,019	131,402	140.419	150 100			Ш	1,720,049
The parameter customent The parameter cu	olbodice. On	9	5.03	6.41				_2886				100,166		171,827	181,224	1.566.549
This column	nounon channel Support				₩	81		986		5.53				-83		
The column The	missions		70 400										22.	₩-	5.70	
The column The	artising		10,120	86,213	96,366	105,695	115.443	125 842	200 00+				-			
1,000 1,00	S. Brochures & Shinning		30,881	58,253	62.000	62 000	100 777	20,021	100,907	148,856		175,305				
10,665 145,780 159,781 15,581 16,313 1,513	Distribution Of		1,656	1.314	1 307	4 447	111,001	108,839	117,546	126,950		148 074				1,769,242
\$ 0.85 11,770 15,975 16,1770 16,586 17,771 236,234 26,116 277,484 300,486 325,206 351,645 375,749 389,467 10,727 10,727 11,770 12,973 14,246 15,588 17,036 18,570 20,210 21,986 23,946 25,889 28,896 28,896 25,889 28,896 28,896 28,748 28,748 28,748 28,748 28,786 28,786 28,748 28,786 28,786 37,531 28,891 28,891 28,788 28,789 28,789 28,748 28,748 28,786 28,786 28,786 28,786 37,531 28,781 28,786 28,786 28,786 28,786 32,282 34,980 37,531 37,532 37,531 37,531 37,5	distribution Channel Support		110 665	4 45 700	100'1	1,445	1,497	1,553	1,613	1 878		10,01				.425.695
\$ 0.85 10,797 11,770 12,973 14,246 15,588 17,036 18,570 20,210 21,966 23,848 375,749 399,467 3	phone		200,011	143,780	159,763	169,139	217,717	236 234	250 440	0,0,1		1,825				2000
12,273 15,528 15,528 17,036 18,579 18,579 19,678 19,679 19,678 19,679 19,678 19,679 19,678 1			10.797	11 770	02007			103,001	230,110	277,484		325,205			1	20,031
Total Control Contro				0////	12,973	14,246	15,598	17,036	18.570	20.040					- 1	,214,968
12,273 13,956 15,502 16,979 0 0 0 0 0 0 0 0 0	In-house Billing								21261	20,210	21,966	23,848	25,869	ŀ	30 994	0.00
12,273 13,955 15,502 16,979 19,588 21,356 23,245 25,288 27,436 29,762 32,262 34,950 37,531 13,4157 171,972 188,760 200,936 25,526 276,306 276,306 276,763 276,76	Outsourced Billing		12,273	13,955	15.502	16.979									102,00	240,358
12,273 13,955 15,502 16,979 19,588 21,356 23,245 25,288 27,436 29,762 32,245 32,245 15,268 27,7436 29,762 32,262 34,950 37,531 11,1372 18,760 200,936 255,326 298,672 323,767 350,743 379,762 31,548 11,003 4	Total Dilling		0	0	•	0.00	0	0	0	0	c	-	1			
0.1% 422 15,376 15,588 21,326 23,246 25,268 27,176 28,282 34,580 37,531 134,157 486 571 624 680 740 805 874 29,762 32,282 34,990 37,531 5 10.56 5 12,42 5 12,42 5 11,19 5 13,74 5 13,62 37,57 5 13,48 13,49 37,44 5 13,62 38,57 31,34 8 13,49 37,43 48,424 37,75 31,45 43,48 43,48 43,44 37,43 48,424 37,47 31,43 43,48 43,44 37,43 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47 48,424 37,47<	Silling man	-	12.273	13 955	75 500	0	19,588	21,356	23,245	25.268	27 436	20.400		0	0	46,437
0.1% 422 466 521 674 624 680 717.0 624 680 717.0 675.0 874.0 876.0 874.0 876.0 877.6 34,950 37,531 \$ 10.56 \$ 12.42 \$ 12.42 \$ 12.37 \$ 12.75 \$ 12.75 \$ 12.75 \$ 12.75 \$ 13.57 \$ 13.54				00000	200,61	16,979	19,588	21.356	23 245	00000	21,430	29,762	. 1	34,950	37.531	251 300
134,157 171,372 188,760 200,336 253,526 275,306 298,672 323,767 350,763 411,002 448,852 411,002 438,852 488,424 3 \$ 10,27 \$ 12,42 \$ 12,23 \$ 11,39 \$ 13,52 \$ 13,67 \$ 13,67 \$ 13,57 <td></td> <td></td> <td>422</td> <td>466</td> <td></td> <td>ì</td> <td></td> <td></td> <td>40,440</td> <td>807,02</td> <td>27,436</td> <td>29,762</td> <td></td> <td>34 950</td> <td>97 504</td> <td>000,100</td>			422	466		ì			40,440	807,02	27,436	29,762		34 950	97 504	000,100
\$ 10.56 \$ 12.42 \$ 12.37 \$ 11.99 \$ 13.82 \$ 13.74 \$ 13.67 \$ 13.62 \$ 13.57 \$ 13.37 \$ 13.37 \$ 13.43 \$ 13.4	2		134 157	474 070	- 1	D/c	624	089	740	200				OCC-LO	156,70	297,835
\$ 10.56 \$ 12.42 \$ 12.37 \$ 13.57 \$ 13.67 \$ 13.67 \$ 13.5	re Indirect Variable Expense per Customer	7	Ť	7/6/1/1		200,936	253.526	275 30E	02000	COO	8/4	948	1,027	1.113		
13.67 \$ 13.64 \$ 13.54 \$ 13.54 \$ 113.54 \$ 113.54				12.42		2, 66,11	1983 6	000101-	7/0,052	323,767	350,743	379,763		ı		8,563
					8			D +1.01	13.67 \$	13.62 \$	13.57 \$	3 73 64	•		90000	762,724
											_					CONTRACTOR OF THE PARTY OF THE

Total -2003 138,384 118,740	683,375 271,233 68,600 993,208 142,200 1,302,532 15,230,619 1,392,263 1,392,263	686,744
11,532	48,625 16,492 5,717 70,833 11,850 104,110 1,810 1,811 2,93 1,12 292,446 8,22 8,22 14,715 64,364	213,367
11,532	48,625 16,492 5,777 70,833 11,850 1,707,116 51,75 51,75 51,75 1,707,116 1,70	178,393
11,532	48,625 16,492 70,577 70,577 11,850 11,850 342 \$ \$91,405 52,29 \$ \$22,485 731 \$ 731 \$ 64,364	142,704
11,532	48,625 16,492 5,717 70,833 11,850 104,110 5,273 5,273 6,92 6,92 6,92 6,92 6,92 113,984	2000
11,532	48,625 16,492 5,717 70,833 11,850 104,110 1,375,241 1,375,241 1,375,241 1,375,241 1,375,241 1,6,028 64,8 64,364 87,115 11,16,28	
11,532	48,625 16,432 5,717 70,833 11,850 104,110 6,00 6,00 6,374 64,384 64,384 64,384 61,5374 61,538	
11,532	48.625 16.482 5.717 70.833 11,850 11,187,920 11,187,920 11,187,920 11,187,920 11,187,920 64,364 64,364 38,371	
Performa 11,532 9,895	48,625 31,158 5,717 85,500 11,850 1118,288 5,93 82,998 1,118,288 82,998 4,14 5,140 17,091 17,091 64,364 1,540	
Actual 11,532 9,895	48,625 31,158 85,500 11,850 1,060,777 41,225 2,25 \$ 64,364 64,364	
Actual 11,532 9,895	41,917 571,166 5,717 78,792 11,850 112,068 6,684 60,849 3,63 17,840 17,840 64,394	
. Actual 11,532 9,895	41,017 5,717 78,792 11,850 112,068 7.34 \$ 86,86 \$ 52,082 52,082 52,082 3,41 \$ 64,384 64,384	
Actual 11,532 9,895	11,158 11,158 11,158 11,850 112,069 \$ 3,09 \$ \$ 788,269 \$ 57,65 \$ \$ 24,717 \$ 1,78 \$ \$ 1,78 \$ \$ 64,364 64,364 64,364	
Actual 11,532 9,895	11,88 5,717 78,792 11,850 111,009 8 8.00 111,009 56,63 26,436 2,08 2,08 18,707 18,707 18,707 18,707 18,707 18,707	
Exhibit F	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	
Business Model Rent / Utilities / Operations / Staff Communications (T-1s, Phones, Line) Payroll & Related Expenses Executive & Markellin Management	The Management Accounting & Billing Management Accounting & Billing Management Total Leases, Professional & Other Expenses Average E& A Expense per Customer Average Expense per Customer EBITDA Average EBITDA per Customer Other Payments Interest Expense	

Company Comp	redited to 1st Mth Bill tecurring Bill trent CC Charge Bes Customer after Tax CC Charge Bes Seb	12 JM 43,0 43,0 38,0 38,0 118,444	100% 0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.1% 0.0% 0.0%	12 Months 72, 39.7 116, 457 75, 58.8 132, 224 132, 224 132, 224 10, 389 9, 412, 696 71, 694 71, 694, 660 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 19, 200 10, 00 0		12 Months 12,234 210,868 422,643 135,763 238,147 177,004,677 17004,677 128,335,906 10,392 15,000 42,000 42,000 19,200 19,200 19,200 19,200 19,200 19,200 10,392 15,000 10,392 15,000 10,392 15,000 10,392 15,000 10,392 15,000 10,392 15,000 10,392 15,000 10,392 15,000 10,392 10,000 10,392 10,000 10,392 10,000 10,392 10,000 10,392 10,000 10,392 10,000 10,392 10,000 10,	100 100 100 100 100 100 100 100 100 100
Column	redited to 1st Mth Bill tecurring Bill treatment DC Charge Re6 1,250 3,000 3	43.0 43.0 -5.0 -5.0 -5.0 -5.0 -5.0 -5.0 -5.0 -5	100% 46.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.1% 48.5% 48.5%	12 Months 12 Months 132,234 132,234 10,322 10,389 10,392 10,000		12 Months 132.234 22.10.368 452.543 135.763 238.147 -17,004.877 10.392 10,000 42,000 42,000 19,200 333,702 1,251,384 726,704 61,988,101 0	1007 1009 0.09 0.09 0.09 0.09 0.09 0.09 0.09
Column	redited to 1st Mth Bill t recurring Bill trainent C Charge Re6 1,20 3,000 1,0	43.0 -5.0 38.0 17.6 18.444	100% 46.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 48.5%	72,337 116,457 251,945 75,598 132,234 9,412,696 71,037,694 10,392 15,000 42,000 19,200 19,202 184,714 692,678 402,282 34,350,896		132,234 2.03 66 452,543 105,764 115,763 10,392 11,004,877 11,004,877 11,004,877 128,335,906 19,200 19,200 19,200 12,200 12,200 11,261,384 726,704 61,388,101 0	100 100 0.00 0.00 0.00 0.00 0.00 0.00 0
14.0 2.0	redited to 1st Mth Bill recurring Bill t Der Customer after Tax Per Customer after Tax Der Customer after Tax A1.0% A2.00 A1.00	43.0 -5.0 38.0 17.6 18.44	100% 46.4% 0.0% 0.0% 0.1%	251.93 251.93 132.234 132.234 132.234 10.389 10.382 15.000 42.000 19.262 34.380,896 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	4	2.10,366 492,643 135,763 238,147 145,340,777 1200,4871 1200,4871 1200 42,000 19,200 19	83.97 0.07 0.09 0.09 0.09 0.09 1.189 1.109 87.39
1,2,5,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0	rediled to 1st Mth Bill t t trediled to 1st Mth Bill t t the Customer after Tax Per Customer after Tax A1 0% A2 Charge 866 1,250 3,000 1	43.0 -5.0 38.0 17.6 18.444	100% 46.4% 0.0% 0.1% 0.1% 0.1% 0.1% 0.1% 0.1% 48.5% 48.5%	75,598 10,450,389 -9,412,696 71,037,694 10,392 15,000 42,000 19,200 19,202 402,282 402,282 34,350,896		1,55,765 238,147 145,340,777 -17,004,877 128,335,906 10,392 15,000 42,000 42,000 19,200 19,200 12,200 12,200 12,200 10,392 12,200 11,261,384 726,704 726,704 0	100 100 0.09 0.09 0.09 0.09 0.09 0.09 0.
46.45 17,004.40 46,475 17,004.40 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,504.777 146,777	Her Customer after Tax Per Customer after Tax Per Customer after Tax A1 0% A6 Expenses A6 Expenses A1 0% A1 0% A2 0% A2 0% A3 000 A3 000 A4 0%		100% 6.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.3% 48.5%	80,450,389 -9,412,686 71,037,694,660 0 10,392 15,000 19,200 19,200 19,202 19,202 34,350,896	4 4	145,340,777 -17,004,877 -17,004,877 10,392 15,000 19,200 19,200 333,702 1,251,384 726,704 61,988,101	100 83.95 0.07 0.07 0.09 0.09 0.09 0.09 0.09 0.09
100% 150%	Per Customer after Tax Per Customer after Tax C Charge 866 1,250 3,000 1600 0,550, 2,1% 0,55% 15,000 15,000 15,000		100% 46.4% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 48.5%	80,450,389 -9,412,696 71,037,694 600 10,392 15,000 42,000 19,200 19,202 402,252 402,252 34,350,896	4 4	145,340,777 -17,004,877 -17,004,877 -10,392 -10,392 -1,260 -1,261,384 -2,000 -1,261,384 -7,267 -1,261,384 -7,267 -1,261,384 -1,261,3	100 100 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.19 1.189 1.189 1.198
Column C	Per Customer after Tax 20 Charge 866 1,250 3,500 3,500 1,600 1,600 1,500 1,500 1,500 1,500 1,500 1,500 1,500 1,500 1,500		100% 46.4% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 0.3% 48.5%	80,450,389 -9,412,686 71,037,694 0 10,392 15,000 42,000 0 19,200 19,200 19,200 34,380,896 0 0 0 0 0 0 0 0 0 0 0 19,200 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	4	145,340,777 17,004,871 128,335,906 0 0 15,000 42,000 0 19,200 19,200 19,200 19,200 19,200 19,200 19,200 10,	100 83.95 0.09 0.09 0.09 0.09 0.09 1.18% 1.18%
100% 24,066,469 80,460,289 146,300,777 10,382	ber Customer after Tax C Charge 866 1,260 3,500 1,260 3,500 1,800 0,56% 0,56% 0,56% 1,5000 1,5000 1,5000		100% 46.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 48.5%	80,450,389 -9,412,696 71,037,694,660 0 10,382 15,000 42,000 0 19,200 184,714 682,678 402,528 34,350,896	4	145,340,777 -17,004,871 128,335,906 10,392 15,000 42,000 0 19,200 1,251,384 726,704 61,988,101 0	100 83.95 0.09 0.09 0.09 0.09 0.15 1.89 1.09 87.39
Column	Per Customer after Tax 2C Charge 866 1.256 3.500 3.000 1800 1800 1800 1500 15500 15500		100% 46.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 48.5%	22,984,660 32,984,660 10,392 110,392 15,000 42,000 19,200 19,202 34,350,896	4	145,340,777 -17,004,871 128,335,906 10,392 15,000 42,000 0 0 0 19,200 1,261,384 726,704 0 1,261,384 726,704 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 15,000 42,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1007 83.95 0.09 0.09 0.09 0.09 0.09 0.18% 1.18% 1.10%
100 100	Per Customer after Tax 20 Charge 20 Charge 366 1.250 3,500 1600 1600 155,000 15,000 15,000 15,000 15,000		46.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 48.5%	71,037,694 32,984,666 0 10,382 15,000 42,000 19,200 19,200 184,714 692,678 402,282 34,350,896 0 0	4 4 6 6 6 6 6 6 6 6	128,335,906 10,392 10,392 15,000 42,000 0 19,200 333,702 1,251,384 726,704 61,988,101 0	83.95 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0
Column C	DC Charge 866 15.260 3.500 1600 15.0000 15.000 15.000 15.000 15.000 15.000 15.000 15.000 15.000 15.0		46.4% 0.0% 0.0% 0.1% 0.1% 0.1% 0.3% 48.5%	32,984,660 0 10,392 15,000 42,000 19,200 184,714 682,678 402,282 34,350,896	46.4% 0.0% 0.0% 0.0% 0.1% 0.0% 0.3% 1.0% 48.4%	59,589,718 10,392 15,000 42,000 42,000 19,200 38,702 1,251,384 726,704 61,988,101	83.95 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0
100 100	C Charge 866 1,260 3,500 1,260 0,5% ad Expenses 0,5% 15,000 1,		46.4% 0.0% 0.0% 0.0% 0.1% 0.1% 0.3% 1.0% 0.3% 48.5%	22,984,660 10,392 15,000 42,000 19,200 184,714 682,678 402,282 402,282 34,380,896	46.4% 0.0% 0.0% 0.0% 0.1% 0.0% 0.0% 0.3% 48.4%	10.392 10.392 15.000 42.000 19.200 333,702 1,251,384 726,704 61,988,101	83.95 0.09 0.09 0.09 0.09 0.05 0.05 0.55 87.39 87.39
Column C	2C Charge 866 1,260 3,500 1,260 0,5% 1,260 0,5% 1,260		0.0% 0.0% 0.0% 0.1% 0.1% 0.1% 0.1% 0.1%	22,984,660 10,392 15,000 42,000 19,200 19,202 402,252 402,252 34,350,896	46.4% 0.0% 0.0% 0.1% 0.1% 0.0% 0.0% 0.0% 48.4%	59,589,718 0 10,392 15,000 42,000 19,200 333,702 1,251,384 726,704 61,988,101	83.39 0.00 0.09 0.09 0.09 0.09 0.059 1.189 87.398
1, 200	866 1,250 3,500 1,600 1,600 15,000 15,000 18,000		0.0% 0.0% 0.1% 0.1% 0.3% 1.0% 0.6% 48.5%	10,382 15,000 42,000 19,200 184,714 892,678 402,282 34,380,896	0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0%	10,392 15,000 42,000 42,000 19,200 33,702 1,251,384 726,704 61,988,101	0.09 0.09 0.09 0.09 0.09 0.09 0.09 1.09 1
1,000	1,250 3,500 1,000 1,600 1,65% 2,1% 2,1% 0,5% 1,5,000 15,000	8,4	0.0% 0.1% 0.1% 0.1% 0.3% 0.6% 48.5%	15,000 42,000 0 19,200 184,714 6892,714 6892,714 6892,714 6892,714 6892,714 6892,714 6892,714 6892,714 6892,714 6892,8896 0 0 0 0 0	0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.6% 48.4%	10,392 10,000 42,000 19,200 38,702 1,251,384 726,704 61,988,101	0.09 0.09 0.09 0.09 0.09 0.59 1.189 1.09 87.39
1,000 0.2% 42,000 0.1% 42,000 0.0%	3.500 3.500 1600 0.66% 2.1% 0.5% 15,000 8.25%	8.4	0.1% 0.0% 0.1% 0.3% 1.0% 48.5%	42,000 19,200 184,714 692,678 402,289 34,350,896 0 0	0.1% 0.0% 0.0% 0.3% 1.0% 48.4%	15,000 42,000 19,200 333,702 1,251,384 726,704 61,988,101	0.09 0.19 0.09 0.09 0.59 1.18% 87.3%
1,000	1,000 1,000 1,600 0,66% 2,1% 0,5% 15,000 8,25%	18,4	0.0% 0.1% 0.3% 1.0% 0.6% 48.5%	19,200 184,714 692,678 402,252 34,350,896 0	0.0% 0.0% 0.3% 1.0% 0.6% 48.4%	19,200 19,200 383,702 1,251,384 726,704 61,988,101	0.09 0.09 0.09 0.059 1.8% 1.18% 1.3%
100	0.1500 0.55% 2.1% 0.5% 15,000 8.25%		0.1% 0.3% 1.0% 0.6% 48.5%	19,200 184,714 692,678 402,552 34,350,896 0	0.0% 0.3% 1.0% 0.6% 48.4%	19,200 383,702 1,251,384 726,704 61,988,101	0.00 0.05% 0.05% 1.0% 87.3%
1,000,	2 1% 2 1% 2 1% 15,000 15,000		0.3% 1.0% 0.6% 48.5%	184,714 692,678 402,252 34,350,896 0	0.3% 1.0% 0.6% 48.4%	333,702 1,251,384 726,704 61,988,101	1.6% 1.10% 87.3%
15.00 1.05 1.06	15,000 H 25%		1.0% 0.6% 48.5%	992,678 402,252 34,350,896 0 0	1.0% 0.6% 48.4%	1,251,384 726,704 61,988,101 0	1.8% 1.0% 87.3%
1.05% 1.05	15,050 R.25%		48.5%	402,252 34,350,896 0 0	48.4%	61,988,101 0 0	87.3%
15000	15,050 8,25%		0.000	34,350,896	48.4%	0 0	87.3%
15000 1.50 1.00				0 0 0		0 0	
1500 0.04% 0.00%				0 0 0		0	
10				0 0		0 0	
100 1.5% 661,569 1.7% 1.224,600 0.0%				0		5	
1.00						c	
1.5% 651,569 1.7% 1.224,600 0.0%	0.//0			0		0	
1.5% 651,569 1.7% 1,224,600 0.0%			%0.0	0	%0.0	0	0.0%
1,5% 651,569 1,7% 1,224,600 1,7% 2,214,591 0,0%					0.0%		000
Company Comp	001		1.7%	1,224,600	1.7%	2 214 501	0.0%
100% 0.0%	8.25%		0.1%	101,030	0.1%	180,413	3.1%
1,7%	o Prin		%0.0	0	0.0%		0.0%
1,7%	nca	l	%0.0	7,800	%0.0	7.800	00%
50.9% 19,154,321 50.3% 35,684,325 50.2% 64,393,196 9 50.9% 19,154,321 50.3% 35,684,325 50.2% 64,393,196 9 6.8% 138,000 0.4% 138,000 0.2% 138,000 0.2% 138,000 8.5% 2,902,739 7.6% 5,261,775 7.3% 9,292,341 11 9.3% 3,040,739 8.0% 5,355,775 7,5% 9,430,341 11 10.5% 3,966,328 10.5% 7,744 16.5% 7,441,661 10.5% 17,444,022 16 8 0.8% 2,946,703 7,7% 5,264,778 7,5% 9,430,441 11 10.5% 1.4% 1,564,724 1,564,724 15,444,02 16 15,444,02 16 4 1.5% 1,264,741 1,564,744 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			1.9%	1,333,430	1.9%	2,405,095	3.4%
50.9% 19,154,321 50.3% 35,684,325 50.2% 64,393,196 E 6.0.8% 138,000 0.4% 138,000 0.2% 138,000 0.2% 138,000 8.5% 2,902,739 7.6% 5,217,775 7.3% 9,292,941 1 9.3% 3,040,739 8.0% 5,264,775 7.5% 9,430,541 1 10.5% 3,986,328 10.5% 7,7% 5,264,778 7,44 1 8.4% 2,946,703 7,7% 5,264,778 7,44 1 1 1.9.0% 6,985,641 18.3% 12,753,800 18.0% 2,2945,704 1 4.3.6% 1.5% 1,040,310 1.8% 1,264,724 1 1 5 0.88 1.4% 6,985,641 1.83 1,040,310 1.8% 2,289,933 3 4 0.3% 0.3% 0.0% 1,267,434 1.8% 2,289,933 3 5 0.88 1.4% 2.543,434 1.8%			100				
0.08% 19,194,321 50.3% 35,684,325 50.2% 64,393,196 5			%0.0	0	%0.0	0	0.0%
8.5% 2,902,739 7.6% 5,21,777 7.3% 9,292,941 18,000 10.5% 138,000 10.5% 138,000 10.5% 138,000 10.5% 138,000 10.5% 138,000 10.5% 13.986,328 10.5% 5,355,775 7.5% 9,430,941 10.5% 10.1% 13.44,022 10.1% 10.5% 13.444,022 10.1% 10.5% 13.844,022 10.1% 10.5% 13.844,022 10.1% 10.5% 13.844,022 10.1% 10.5% 13.844,022 10.1% 10.5% 13.844,022 10.1% 10.1% 13.8% 10.1% 12.758,800 18.0% 22,2976,250 18.0% 10.1% 10			50.3%	35,684,325	50.2%	64,393,196	90.6%
8.5% 2.902.739 7.6% 138.000 0.2% 138.000 0.2% 138.000 0.2% 138.000 0.2% 138.000 0.2% 138.000 0.2% 138.000 0.2% 138.000 0.2% 1.05% 0.3.040.739 8.0% 5.255,775 7.5% 9.292,941 0.5% 0.1% 0.1% 0.1% 0.1% 0.1% 0.1% 0.1% 0.1	lifect Variable Expense per Customer						
8.5% 2,902,739 7.6% 5,217,775 7.3% 9,292,941 8.3% 3,040,739 8.0% 5,217,775 7.3% 9,292,941 10.5% 3,386,328 10.5% 7,441,661 10.5% 9,430,941 8.4% 2,946,738 7.7% 5,264,778 7.4% 9,454,794 19.0% 6,983,641 18.3% 12,755,800 18.0% 22,376,250 1.5% 6,983,641 11.5% 1,040,910 1.5% 1,882,403 1.5% 678,538 1.8% 1,267,434 1.8% 2,289,933 1.8% 2,289,838 1.8% 1,267,434 1.8% 2,289,933 1.8% 2,289,838 1.8% 1,267,434 1.8% 2,289,933 2.23% 8,217,661 21.6% 15.13,800 0.1% 27,280,933	ns.		44				
8.5% 2,902,739 7.6% 5,217,775 7.3% 9,292,941 9.3% 3,040,739 8.0% 5,217,775 7.3% 9,292,941 10.5% 3,386,328 10.5% 7,441,661 10.5% 13,444,022 8.0.6% 1.4% 5,946,703 7.7% 5,244,776 7.4% 9,454,734 19.0% 6,948,471 18.3% 12,758,800 18.0% 22,976,280 0.1% 6,948,474 1.5% 1,040,910 1.5% 1,882,478 0.1% 678,538 1.8% 1,267,434 1.8% 2,289,933 1.8% 678,538 1.8% 1,267,434 1.8% 2,289,933 1.8% 2,289,833 22.2% 8,217,661 21.6% 15.19,2368 21.8% 2,289,933	ment Payroll		0.4%	138 000	700 0		
10.5% 3.040,739 8.0% 5,355,775 7.5% 9,430,941		2,	7.6%	5.217.775	7 3%	138,000	0.5%
\$ 0.85 1.5% 52.96,703 7.7% 5.264,778 7.4% 9.454,744 \$ 0.1% 0.1% 0.1% 0.1% 1.2% 1.2% 0.1% 1.2% 1.2% 0.1% 1.2% 0.1% 1.2% 0.1% 1.2% 0.1% 1.2% 0.1% 1.2% 0.1% 1.2% 0.1% 1.2% 0.1			8 0%	200		9,232,341	13.1%
\$ 0.85			9/20	0///00000	7.5%	9,430,941	13.3%
10.5% 3.986.328 10.5% 7.441.681 10.5% 13.444.022 8.4% 2.946.703 7.7% 5.284.778 7.4% 9.454.784 19.0% 6.983.641 18.3% 12,753.801 18.0% 22,396,250 1.5% 6.983.641 18.3% 1,040,910 1.5% 1,882,403 1.5% 6.78,538 1.5% 1,267,434 1.8% 2,289,933 1.5% 6.78,538 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.78,538 1.8% 1,267,434 1.8% 2,289,933 2.23% 8.217,561 21.6% 15.0% 0.1% 0.1% 1.5% 6.82,538 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.85,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.85,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.85,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.85,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,933 1.5% 6.82,58 1.8% 1,267,434 1.8% 2,289,833 1.5% 6.82,58 1.8% 1,267,434 1.8% 1,267,434 1.5% 6.82,58 1.8% 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,434 1,267,43	on Channel Support						
8.4% 2.946,703 10.5% 7.441,661 10.5% 13,444,022 8.4% 2.946,703 7.7% 5.284,778 7.4% 9,454,784 9.01% 6.963,641 18.3% 12,753,800 18.0% 22,976,250 1.5% 6.963,641 1.5% 1.5% 1.5% 1.2% 1.267,434 1.5% 6.78,538 1.5% 1.5% 1.2% 1.2% 1.2% 1.5% 678,538 1.5% 1.267,434 1.5% 1.88 2.289,833 1.5% 678,538 1.8% 1.267,434 1.8% 2.289,833 1.5% 2.1,5% 1.8% 1.267,434 1.8% 2.289,833 1.5% 2.1,5% 1.267,434 1.8% 2.289,833 2.2.3% 8.2.17,561 2.16% 15.10.369 3.1 7.2,670							
\$ 0.85 1.4% 5.284,778 7.4% 5.284,778 7.4% 9,454,784 \$ 0.18 0.1% 7.744 4.7381 7.744 7.7444 \$ 0.85 1.4% 6,983,641 18.3% 1,267,810 18.0% 22,976,250 \$ 0.85 1.4% 553,83 1.5% 1,040,910 1.5% 1,882,403 \$ 0.3% 0.3% 0.0% 0.0% 0.0% 0.0% 0.0% \$ 1.5% 678,536 1.8% 1,267,434 1.8% 2,289,933 \$ 0.1% 0.1% 21,567,434 1.8% 2,289,933 \$ 22.3% 8,217,561 21,67,434 1.8% 2,289,933		3,986,328	10.5%	7,441,661	10.5%	13,444,022	18 9%
5 0.68 1.4% 6.983,641 1.5% 1.267,340 0.1% 77,444 0.68 1.4% 6.983,641 1.83% 12,753,800 18.0% 22,976,250 0.3% 0.3% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.1% 77,444 1.5% 1.267,434 1.5% 2.289,833 0.1% 1.5% 678,538 1.8% 1.267,434 1.8% 2.289,833 0.1% 0.1% 21,567,434 1.8% 2.289,833 2.2.3% 8.217,561 21,68 1.5% 72,670		2,946,703	7.7%	5,264,778	7.4%	9,454,784	13.3%
\$ 0.85 1.4% 563,834 1.5% 12,753,800 18.0% 22,976,250 0.3% 0.3% 0.0% 1.5% 1,040,910 1.5% 1,882,403 1.5% 678,538 1.8% 1,267,434 1.8% 2,289,933 1.8% 678,538 1.8% 1,267,434 1.8% 2,289,933 0.1% 2,23% 8,217,561 21,6% 15,402,369 0.1% 72,670		30,610	0.1%	47,361	0.1%	77,444	0.1%
1,4% 553,834 1,5% 1,040,910 1,5% 1,882,403 1,5% 1,5% 1,5% 1,5% 1,5% 1,5% 1,267,434 1,8% 2,289,833 1,8% 1,267,434 1,8% 2,289,833 1,8% 1,267,434 1,8% 2,289,833 1,5%	0	1,000,041	18.3%	12,753,800	18.0%	22,976,250	32.3%
0.3% 0 0.0% 0.0% 0.0% 0.0% 1.5% 678.538 1.8% 1,267.434 1.8% 2,289,933 1.8% 678.538 1.8% 1,267.434 1.8% 2,289,933 0.1% 21,548 0.1% 40,225 0.1% 72,670 22.3% 8,217,561 21,6% 15,02,349 31,9% 37,607	60.0	553,834	1.5%	1,040,910	1.5%	1.882.403	2 60/
0.1% 0.1% 0.0% <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td>4.0 %</td></th<>							4.0 %
0.1% 0.1% 0.1% 0.1% 1.68% 1.68% 1.68% 1.68% 1.68% 1.68% 2.289,933 2.283% 8.21,548 0.1% 1.68% 1.267,434 1.8% 2.289,933 8.21,548 0.1% 1.67,548 0.1% 7.2670 8.21,548 0.1% 15.10,248 0.1% 7.2670		0	%0.0	0	%0.0	0	0.0%
0.1% 0.1% 21,548 0.1% 40,225 0.1% 72,670 22,3% 8,217,561 21,6% 15,102,889 21.9%		670 500	1.8%	1,267,434	1.8%	2,289,933	3.2%
0.1% 0.1% 21,548 0.1% 40,225 0.1% 72,670 22.3% 8,217,561 21,6% 15,102,849 21.3% 32,502 0.1%		076,538	1.8%	1,267,434	1.8%	2,289,933	3.2%
22.3% 8,217,561 21.6% 15.102.369 21.9% 0.7.00.20.20	\$ C C	21,548	0.1%	40,225	0.1%	72 670	0.00
		8,217,561	21.6%	15.102.369	24 30%	07.004.000	%

Ducinoso Model								
Dusii less Model	Exhibit F							
Bont / Ittilities / Occasions / Co. 11			Total 2004		Total 2005		Softe State	
Comminications (7 to Perations) Start		0.8%	138,384	0.4%	138 384	/00 0	Dial	
Commentations (1-1s, Filones, Line)		0.7%	118.740	708.0	100,001	0.2%		0.5%
Payroll & Related Expenses				200	110,740	0.2%	118,740	0.5%
Executive & Marketing Management		3.3%	200 500	100				
II Management		1 60%	000,000	%6.1	583,500	0.8%	583,500	0.8%
Accounting & Billing Management		/070	197,900	0.5%	197,900	0.3%	197,900	0.3%
Total		0.4%	009'89	0.5%	68,600	0.1%	68,600	0.1%
Danis Drofonnian o Oni		9.3%	850,000	2.5%	850,000	1.2%	850.000	/00 1
Educas, rigidas a Utner expenses		0.8%	440 000	100			000,000	0.7.1
		9/20	142,200	0.4%	142,200	0.5%	142,200	0.5%
Average G& A Expense per Customer		%1.7	1,249,324	3.3%	1,249,324	1.8%	1 249 324	/00 7
TOTAL EXPENSES							140(01-1)	0,0,1
Average Expense per Clistomer		90.2%	31,661,945	83.2%	57,391,794	80.8%	100 004 740	744.000
EBITDA						2/202	102,234,110	144.0%
Average EBITh a port Contract		8.2%	6,391,327	16.8%	13 645 900	/00 01		
					20060000	0.7.6	20,041,188	36.7%
Other Payments								
Interest Expense	0		0	%0.0	0	%00		1000
DD&A	5.0%	1%	154,187	0.4%	119,569	%00	020 000	0.0%
Net Income		2%	772,368	2.0%	772,368	1 1%	777 360	0.1%
		4%	5,464,772	14.4%	12,753,963	18.0%	25 175 064	05 40
							100,011,000	02.4%

	h Dunis Receivable 2ald Provider Charges	-		lou-to-y			-					
The column The	h ounts Receivable said Provider Charges		Actual	Actual	Actual	Actual	Actual	Performa				
The column The	h punts Receivable Bald Provider Charges		Dec-02	Jan-03	Feb-03	<u>Mar-03</u>	Apr-03	May-03	Jun-03	Jul-03	Aug.03	6
1,000,000 1,00	Junis Hecewable Aald Provider Charges aald Other		773 390	000							OA REIU	Sep-03
11 12 12 12 12 12 12 12	vald Provider Charges paid Other		1 380 337	1,009,028	1,077,375	654,266	718,356	972,074	1,121,194	1.258.370	1 965 181	1 847 100
Column C	laid Other		115 407	1,155,339		790,441	780,066	580,066	546,769	568.209	59 194	645 065
Column C			704,011	104,455		125,789	138,717	152,393	166,906	182.347	100,131	010,000
Part	AL CURRENT ASSETS		000 100 0	27.130		52,155	52,155	52,155	52,155	52 155	52,00	210,412
Column C			2,02,1,209	7,321,477		1,622,651	1,689,294	1,756,688	1,887,024	2.061.081	20 27 C	26, 25
1,000,000 1,00	Assets	9596778	A 536 770	7 700							50,014,	4,551,624
Column C			4,030,770	4,536,78	4,536,778	4,536,778	4,536,778	4,536,778	4,536,778	4.536 778	4 536 779	A F.O.C. 1
Part		0.638	-902,201	-1,016,565		-1,145,293	-1,209,657	-1,274,021	-1.338.385	-1 402 749	1,000,110	4,536,778
Column C		2722	130,638	130,638		130,638	130,638	130 638	130,000	1,700,000	-1,407,113	-1,531,477
Column			6,036,504	5,972,328	6,002,798	5,144,774	5,147,053	5 150 083	5.048.0EE	130,038	130,638	130,638
The column The	Liabilities									5.5C5./48	5,475,648	5,667,563
Comparison Com												
196,000 196,		Fymt An	759,341	759,341	854,137	895,484	977,471	1.016.626	1 074 508	1 100 744		
1,544,545 1,444,545 1,44			290,518	217,888	163,416	122,562	91,922	68 041	000,410,1	1,130,744	1,203,444	1,275,103
196,000 26,000		220	335,000	335,000	335,000	335,000	335.000	325,000	31,700	38,779	29,085	21,813
1,546,000 1,54	ed Interest	822	26,001	26,001	26,001	26,001	28.215	28.215	000,000	305,000	295,000	285,000
1546 150		0001	760,102	790,917	821,988	0	0.10	0.2,02	23,375	23,375	23,375	23,375
1,546,659 1,54		6,528	98,821	109,048	121,890	133.689	146 020	150 170	0 000	0	0	0
1,546,629 1,54		(,,144	422,314	466,017	520,898	571,322	624,017	680.228	740.000	188,283	204,418	221,738
Control Cont		3 600	3,649,167	3.633.696	3,558,068	3,483,080	3.409.716	3 337 939	2 267 744	0.400,027	873,583	947,596
1,520,000 1,52		670,0	6,341,264	6,337,909	6,401,399	5,567,140	5.612.361	F 616 104	5 645 000	3,199,005	3,131,778	3,066,001
1,000,000 2,00	erm Liabilities							2,010,124	5,045,933	5,695,813	5,760,683	5,840,626
## Comparison of the compariso												
Figure 6 System 1,1229,128 <td></td> <td>2.25</td> <td>2,580,000</td> <td>2,580,000</td> <td>2,528,400</td> <td>2,477,832</td> <td>2,428,275</td> <td>2.379.710</td> <td>2 332 116</td> <td>0 005 470</td> <td>0000</td> <td></td>		2.25	2,580,000	2,580,000	2,528,400	2,477,832	2,428,275	2.379.710	2 332 116	0 005 470	0000	
### Notice Paychie 19,174 19,175 19,175 19,177		7.7.2	1,023,702	1,009,490	986,684	963,452	940,797	918.706	897 182	676 450	2,239,764	2,194,969
3,740,149 3,049,107 3,835,698 3,463,090 3,463,090 3,463,090 3,463,714 3,195,114 3,19	ng Term Notes Pavable		137,772	133,957	130,253	126,656	123,162	119.768	116 /70	140.074	855,661	835,676
86,752 87,70 84,859 82,518 60,246 770,07 75,190,000 3,111,776 3,130,000 3,111,776 3,11		140	-3,649,167	-3,633,696	-3,558,068	-3,483,080	-3,409,716	-3.337.939	-3 267 714	113,271	110,161	107,140
Color Colo			92,307	89,752	87,270	84,859	82,518	80.245	78 037	75 004	-3,131,778	-3,066,001
Colored Colo	nated Debt								100,01	19,691	73,808	71,784
Column C	pital Group											
Colored Colo	group		0	0	0	0	c					
Colored Colo	WU		0	0	0	0	C			0 0	0	0
6.433,571 6.427,669 6.486,693 5.694,879 5.686,386 5,723,969 5,771,705 5,834,499 100,000 100,00	arks		0	0	0	0	C	0 0		0 0	0	0
6.433,571 6.427,666 6.488,669 6.488,	orenzo		0	0	0	0	0	0 0		0	0	0
6.423,571 6.427,660 6.488,689 5.654,979 5.696,368 5723,969 5,771,705 5,834,490 2.43,750 2.43,750 2.43,750 100,000 100	bordinated Debt		0	0	0	0	0	0 0	0 0	0	0	0
6.433,571 6.427,660 6,488.69 5,694,879 5,694,8			0	0	0	0	0	0	0 6	0 0	0	0
1,299,518 1,350,61 1,00,610	LIABILITIES		1 200						5	0	0	0
243,750			6,433,571	6,427,660	6,488,669	5,651,999	5,694,879	5,696,368	5.723.969	5771 705	5 924 400	
243,750 243,750 <t< td=""><td>Capital</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>_</td><td></td><td>Oct-teorie</td><td>5,912,410</td></t<>	Capital								_		Oct-teorie	5,912,410
243,750 243,850 244,890 244,890 38,226 354,780 354,780 354,780 358,226 354,780 354,780 358,226 358,842 354,780 354,780 354,780 358,842 358,842 358,842 354,780 354,780 354,780 354,780 354,780 354,780 354,780 <th< td=""><td>S Capital Contributions</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></th<>	S Capital Contributions											
100,000	Group		243 750	242 750	040 750							
- 1,299,518 - 740,817 - 74	l Onstead		100 000	000,001	243,750	243,750	243,750	243,750	243,750	243.750	243 750	040
-1,299,518	apital Group			000,000	100,000	100,000	100,000	100,000	100,000	100 000	000,001	243,730
-1,299,518 -740,817 -)Wn										000,000	100,000
-1,299,518 -740,817 -	harks											
-1,299,518 -740,817 -	Lorenzo											
-1,299,518 -740,817 -												
-1,299,518 -740,817 -	/estor(s)											
-1,299,518 -740,817) Net Income (Loss)											
558,701 -740,817	iars V		-1 299 518	740 047	1170 071							
-397,067 -397,067 -485,870 -507,225 -547,826 -546,285 -507,915 -485,957 -358,842	rear		558 701	110,017	-/40,81/	-740,817	-740,817	-740,817	-740,817	-740.817	-740 847	140.021
-546,285 -507,915 -445,957 -388,842 -507,225 -546,285 -507,915 -445,957 -388,842	pital		-397.067	00,200	-88,803	-110,158	-150,759	-149,218	-110,848	-48 890	300.00	-/40,817
7-5000.	I TO S COLIE			200,001	0/8/09#-	-507,225	-547,826	-546,285	-507,915	-445 957	359 043	152,220
45 517	LIABILITIES & CAPITAL		6.036.507	200000					_		Z-n-n-n-n	-244,847

Cash Assets Nov-03 Cash Accounts Receivable Provider Charges 1,702,380 2,011,106 Prepaid Chief 2,021,58 2,011,106 Prepaid Chief 2,021,58 3,189,375 Prepaid Chief 2,021,58 3,189,375 Fixed Assets 2,022,156 3,189,375 Fixed Assets 4,536,778 4,536,778 Fixed Assets 1,382,157 1,430,273 Order Assets 1,382,157 1,430,273 Accounts Payable - Trade 1,382,157 1,430,273 Accounts Payable - Trade 1,382,167 1,430,273 Accounts Payable - Trade 1,027,141 1,112,300 Accounts Payable - Trade 1,027,141 1,112,300 Accounts Payable - Trade 1,027,141 1,112,300 Accounts Payable - Trade 1,032,141 1,112,300 Accound Taxes 2,000 2,000 Accound Taxes 2,000 2,000 Contract Portion of Long Term Notes Payable 2,105,040 Capital Lines 1,002,141 2,105,044 Less:	2,348,850 8,98,376 2,348,850 8,98,376 2,3,225 3,578,025 1,1,24,569 1,10,638 6,521,453 2,203 2,203 2,203 2,203 2,3,375 0 2,2,000 2,3,375 0 2,2,000 2,3,375 0 1,185,127 2,000 1,185,127 2,000 1,185,127 2,000 2,3,375 0,000 2,3,375 0,000 1,185,725 6,185,725 6,185,725	8.554.731 794,323 598.472 794,323 598.728 9,999,700 4,536,778 -772,368 13,894,748 130,638 13,894,748 292 275,000 23,375 2,382,969 2,332,908 6,092,823 8,092,823	24,669,549 1,448,773 1,102,213	2,608,081 2,608,081 1,821,158 60,401,205 4,536,778 4,536,778 2,317,104 130,638 62,751,517 7,738,420 275,000 27
1,702,380 2,011,106 842,373 870,877 235,248 255,438 235,248 255,438 235,248 255,438 24,536,778 4,536,778 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,506,841 -1,660,205 1,322,157 -1,430,273 1,322,167 -1,67,070 1,322,167 -1,67,070 1,322,167 -1,67,070 1,322,167 -1,67,070 1,322,167 -1,67,070 1,322,167 -1,67,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,070 1,322,167 -1,030,	2,348,850 888,376 279,225 32,156 3,578,606 4,538,778 -1,724,569 130,638 6,521,453 279,660 279,660 1,185,127 0 279,660 1,185,127 2,005,887 2,006,887 2,006,887	8.554,731 794,323 598,470 794,323 598,700 4,536,778 772,368 772,368 13,894,748 292 275,000 23,375 2,382,969 2,332,969 2,332,969 2,332,908 8,092,823 8,092,823 8,092,823	24,669,549 1,448,773 1,102,213 52,155 27,272,690 4,536,778 -1,544,736 1,544,736 1,544,736 1,544,736 23,375 0 275,000 23,375 0 1,017,038 4,346,318 1,725,429 11,852,698 11,852,698	2,568,081 2,668,08 1,987,15 52,155 52,155 60,401,20 4,536,77 7,738,42C 7,738,42C 7,738,42C 1,830,873 1,850,426 1,830,873 1,624,243 1,624,243 1,042,336 19,042,336
1,702.380 2,011,106 842,373 870,877 235,248 265,438 2,832,156 3,189,578 4,536,778 4,536,778 1,595,841 -1,660,205 1,306,329 1,306,329 1,306,329 1,306,329 1,306,329 1,307,171 1,112,639 1,027,118 1,112,639 2,103,046 2,938,665 1,027,114 1,112,630 2,103,046 2,938,665 1,027,114 1,112,630 2,1151,069 2,103,048 816,184 797,171 104,205 101,354 104,206 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	2,348,850 888,376 279,225 3,578,606 4,536,778 -1,724,569 130,638 6,521,453 2,203 279,660 1,186,127 0 279,660 1,185,127 0 279,660 1,185,127 6,185,725 6,185,725 6,185,725	8,554,731 794,323 598,492 52,155 9,999,700 4,536,778 -772,368 130,638 130,638 13,894,748 2,824,748 2,3375 0 275,000 2,620,666 2,620,666 2,620,666 2,620,666 2,620,666 2,620,666 2,620,666 2,620,666 2,620,666 2,620,666 1,621,136 1,621,136 1,621,136 1,621,136	24,669,549 1,448,773 1,102,213 52,155 27,272,660 4,536,778 -1,544,736 130,536,370 23,375 0 23,375 0 1,017,038 4,346,318 1,725,429 11,852,698 11,852,698	2,508,08 1,987,15 2,608,08 1,208,715 60,401,205 60,401,205 130,638 130,638 7,738,42 7,738,42 1,350,00 23,375 1,830,873 1,350,426 1,350,426 1,350,426 1,042,336 19,042,336
#42,373	2.79,226 2.79,226 2.79,226 3.578,606 4.536,778 -1,724,569 110,638 6,521,453 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 27,000 21,185,127 2,005,887 2,005,887	2,620,666 2,620,	24,669,549 1,448,773 1,102,213 52,155 27,272,690 4,536,778 1,544,736 130,395,370 130,395,370 23,375 0 275,000 23,375 0 1,017,038 4,346,318 1,725,429 11,852,698 11,852,698 11,272,133	2,608,08 1,987,15 2,608,08 2,155 60,401,200 4,536,778 130,638 62,751,515 7,738,42C 7,738,42C 23,375 1,830,873 1,350,426 1,350,
233,248 265,438 262,155 2,832,156 3,189,576 4,536,778 4,536,778 1,1565,841 -1,160,208 130,638	3,578,225 3,578,225 3,578,205 1,724,569 130,638 1,506,317 1,506,317 9,203 275,000 275,000 275,000 275,000 275,000 275,000 275,000 275,000 275,000 275,000 275,000 275,000 276,000 277,000 27	784,333 784,333 784,932 9,999,700 4,536,778 -772,368 13,894,748 292 292 275,000 23,375 292 275,000 23,375 2,322,908 6,092,823 8,092,823 8,092,823 8,092,823	1,448,773 1,102,213 22,155 27,272,660 4,536,778 -1,544,736 130,638 30,395,370 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,882,698 11,882,698 11,882,698	2,609,08 1,987,15; 60,401,200 4,536,77; -2,317,10 13,638 62,773,420 7,738,420 23,375 1,830,873 1,830,873 1,830,873 1,830,873 1,942,843 19,042,336
## 1.027.116 2.8.32.156 2.8.189.575 2.2.155 2.2.	22,125 3,578,006 4,536,778 -1,724,569 130,639 6,521,456 23,375 275,000 23,375 6,165,725 6,165,725 6,165,725 772,044 6,165,725	52,155 9,999,700 4,536,778 -772,368 13,894,748 13,894,748 13,894,748 292 275,000 23,375 2,382,909 2,382,909 2,382,909 2,382,909 8,092,823 8,092,823 8,092,823 8,092,823	1,102,213 27,272,690 4,536,778 -1,544,736 130,658 30,395,370 23,375 0 1,017,038 4,346,318 1,225,429 11,862,698 11,862,698 11,862,698 11,464,429 11,464,429 11,464,429	1,987,15 52,15 60,401,200 4,536,778 -2,317,10 130,638 62,751,517 7,738,426 23,375 23,375 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426
2,892,156 3,189,578 4,538,778 4,538,778 -1,595,841 -1,663,205 1,505,841 -1,663,205 1,505,000 273; 6,196,786 2,3376 28,375 2,15,000 275,000 2,3376 28,375 2,151,069 2,108,048 816,184 797,171 104,205 10,1354 2,151,069 2,108,048 816,184 797,171 104,205 10,1354 6,005,817 6,052,570 0	3,578,606 4,536,778 -1,724,569 130,638 6,521,455 1,506,317 2,203 27,000 23,375 2,337 2,185,127 2,185,127 6,165,725 6,165,725 6,165,725	2,155 9,999,700 4,539,778 -772,368 13,694,748 13,894,748 13,894,748 292 292 292 275,000 23,375 0 557,615 2,382,969 2,382,969 2,382,969 8,092,823 8,092,823 8,092,823	27,272,680 4,536,778 -1,544,736 130,638 30,395,370 4,455,528 9 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,832,638 11,825,638 11,825,638	60,401,20 4,536,777 2,317,10 2,317,10 130,63 62,751,51, 7,738,42 7,738,42 23,375 23,375 1,830,87 7,824,243 1,350,426 19,042,336 19,042,336
1,382,157 4,536,778 4,536,778 1,430,278 1,300,200 1,00,000 1,00,	3,5/8,006 4,536,778 -1,724,569 130,638 6,521,453 2,203 275,000 279,660 1,195,127 2,3375 6,165,725 6,165,725 2,066,887 777,044	4,536,778 4,536,778 -772,368 130,632 13,684,748 2,222,000 23,375 0 23,375 0 557,615 2,382,969 2,232,908 8,092,823 8,092,823 8,092,823 8,092,823	27,272,690 4,538,778 -1,544,736 130,638 30,395,370 4,455,528 9 9 275,000 23,375 0 1,017,038 4,346,318 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429 1,735,429	60,401,200 4,536,771 -2,317,100 130,633 62,751,51 7,738,42 275,000 275,000 23,375 1,824,243 1,350,426 1,350,426 1,042,336 19,042,336
### 4,536,778	4,536,778 -1,724,569 1130,638 6,521,458 1,506,317 9,203 27,500 27,600 27,600 1,185,127 2,055,887 2,065,887 27,600	4,536,778 -772,368 130,638 13,894,748 2,620,666 2,620,666 2,3375 23,375 2,382,969 2,382,969 2,382,969 2,282,908 8,092,823 8,092,823 8,092,823 8,092,823	4,536,778 -1,544,736 -1,544,736 -130,536,370 -130,538 -275,000 -23,375 0 -1,017,038 4,346,318 -1,725,429 -11,852,698 -1,735,429	4,536,771 -2,317,10 136,215,151 62,751,51,51 7,738,420 23,375 1,830,872 7,824,242 1,350,426 19,042,336
1,556,41 -1,600,205 130,638 130,638 130,638 130,638 130,638 130,638 1,382,157 1,430,273 16,360 275,000 275,000 240,346 26,386 240,346 2,838,665 8,301,640 2,838,665 8,301,640 2,108,048 816,144 797,171 104,205 101,384 10,000 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1,724,569 1,724,569 1,724,569 6,521,456 9,203 275,000 23,375 0 1,195,127 2,105,725 6,165,725 2,065,887	4,536,778 1772,368 13,894,748 13,894,748 2,620,666 2,922 275,000 23,375 2,337 2,332,908 2,382,908 8,092,823 8,092,823 8,092,823	4,536,778 -1,544,736 -130,638 30,395,370 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,882,698 11,484,429	4,586,77, -2,317,10, 130,631 62,751,511 (27,738,420 23,376 (1,830,872 7,824,242 7,824,242 1,350,426 1,350,
130,538	1,724,509 1,504,309 23,375 2,000 23,375 2,000 23,375 6,165,725 6,165,725 2,000,887	2,620,666 2,620,666 2,75,000 23,375 0 0 557,615 2,382,969 8,092,823 8,092,823 8,092,823	130.638 130.638 30.395,370 4,455,528 9 275,000 23,375 1,017,038 4,346,318 1,735,429 11,822,638 11,822,638 11,482,638 446,429	2,317,10 130,63 62,751,51 7,738,426 23,376 1,830,877 7,824,246 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426
1,382,157 1,430,273 1,196,768 1,382,157 1,430,273 1,43	1,506,317 1,506,317 9,203 27,000 23,375 0,23,375 1,195,127 2,877,044 6,165,725 2,066,887	13,894,748 2,620,666 2,620,666 23,375 0 0 557,616 2,382,969 2,282,908 8,092,823 8,092,823	130.638 30.395,370 4,455,528 9 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,832,698 11,832,698 11,846,429 11,846,429	130.63 62.751,51 7,738,426 25,377 29,377 1,830,877 7,824,246 1,350,426 1,350,426 1,350,426 1,350,426 1,350,426
1,382,157	1,506,317 9,203 29,203 27,9000 23,375 0 279,660 1,185,127 2,887,044 6,165,725 2,066,887	2,620,666 292 275,000 23,375 0 557,615 2,382,969 2,282,908 8,092,823 8,092,823	4,455,528 4,455,528 9 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,832,698 11,832,698 11,846,429 11,272,133	7,738,42 275,000 23,377 1,830,877 7,824,24 1,350,424 19,042,33
1,382,157 1,430,273 1,6360 12,200 23,375 23,375 240,346 260,356 240,346 260,356 240,346 2,938,665 2 1,027,118 1,112,630 2 1,027,118 1,112,630 2 1,027,118 1,112,630 2 1,027,118 1,112,630 2 1,03,48 1,112,630 2 1,03,48 1,112,630 2 1,03,48 1,113,648 2 1,03,48 1,13,48 1,	1,506,317 9,203 29,203 27,000 23,375 0 279,660 1,195,127 2,877,044 6,165,725 6,165,725	2,620,666 292 292 275,000 23,375 0 557,615 2,382,969 2,232,908 8,092,823 8,092,823 1,621,136 1,621,136	4,455,528 9 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,862,698 11,862,698 11,464,429	27,738,42 275,00 23,37 1,830,87 7,824,24 1,350,424 19,042,33
1,382,157 1,430,273 16,360 12,270 275,000 275,000 23,375 23,375 0 240,346 260,356 1,027,118 1,112,630 2,103,040 2,938,665 2,151,069 2,108,048 816,184 797,171 104,205 101,354 104,205 101,354 104,205 101,354 104,205 101,354 104,205 101,354 105,001,640 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1,506,317 9,203 275,000 23,375 0 279,660 1,195,127 2,065,887 2,065,887	2,620,666 292 275,000 23,375 0 557,615 2,382,969 2,232,908 8,092,823 8,092,823 1,621,136 1,621,136	4,455,528 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,852,698 11,852,698 11,464,429	7,738,42 275,00 23,37 1,830,87 1,824,24 1,350,428 19,042,33
16,360 12,270 15,360 275,000 275,000 226,000 226,375 23,375 23,375 20,375	275,000 23,375 0 279,660 1,195,127 2,877,044 6,165,725 2,065,887	292 292 275,000 23,376 6,57,615 2,382,969 2,232,908 8,092,823 8,092,823 1,621,136	4,455,528 9 275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,862,698 11,862,698 11,272,133	7,738,42 23,37 1,830,87 7,824,24 1,330,424 19,042,33
275,000 275,000 275,000 0.00 0.00 0.00 0.00 0.00 0.00 0.00	23,375 23,375 0 279,660 1,185,127 2,085,887 2,085,887	275,000 23,375 0 0 557,615 2,382,969 8,092,823 8,092,823 1,621,136 1,621,136	275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,832,698 11,832,698 11,846,429	23,37 23,37 1,830,87 7,824,24 1,350,42 19,042,33
28,375 23,375 24,375 24,3,75	23,375 279,660 1,185,127 2,877,044 6,165,725 2,066,887	2,375 2,375 0 0 0 2,382,969 2,282,908 8,092,823 8,092,823 1,621,136 1,621,136	275,000 23,375 0 1,017,038 4,346,318 1,735,429 11,852,698 11,272,133 446,429	23,37 23,37 1,830,87 1,824,24 1,350,424 19,042,33
240,346 260,366 1,027,118 1,112,830 2,938,665 3,001,640 2,938,665 2,938,697 6,062,570 2,938,665 2,938,66	279,650 1,195,127 2,877,044 6,165,725 2,065,887	23,375 557,615 2,382,969 2,282,908 8,092,823 1,621,136 588,388	23,375 0 1,017,038 4,346,318 1,736,429 11,662,698 11,272,133 446,429	28,37 1,830,87 7,824,24 1,350,42 19,042,33
1,027,118	279,660 1,195,127 2,877,044 6,165,725 2,065,887	557,615 2,382,969 2,232,908 8,092,823 1,621,136 588,388	1,017,038 1,346,318 1,735,429 11,882,698 11,272,133	1,830,87 7,824,24 1,380,42 19,042,33 19,042,33
1,027,118 1,112,630 3,001,640 2,936,665 5,935,997 6,025,570 2,151,069 2,108,048 104,205 101,354 104,205 101,354 104,205 101,354 104,205 101,354 104,205 101,354 104,205 101,354 105,005,814 8,120,477 100,000 100,000	2.877.044 6,165,725 2,005,887	2,382,969 2,232,908 8,092,823 1,621,136 588,388	1,017,038 4,346,318 1,735,429 11,832,698 11,272,133 446,429	1,830,87 7,824,24 1,350,42 19,042,33
100,000 100,	2.877.044 6,165,725 2,065,887	2,382,969 2,232,908 8,092,823 1,621,136 588,388	4,346,318 1,735,429 11,882,698 1,272,133 446,429	7,824,24 1,350,42,19,042,33
6,055,977 6,052,670 2,151,089 2,108,048 816,184 797,171 104,205 101,354 107,354 69,817 67,907 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	6,165,725	8,092,823 1,021,136 1,621,136 588,388	1,735,429 11,852,698 11,272,133 446,429	1,350,42 19,042,33 998,26
E,151,069 2,108,048 816,184 787,171 104,205 101,354 104,205 101,354 104,205 101,354 107,307 108,817 67,907 0	2,065,887	8,092,823 1,621,136 588,388	11,852,698 1,272,133 446,429	19,042,33
2,151,069 2,108,048 816,184 797,171 104,205 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,354 101,305	2,065,887	1,621,136	1,272,133	998,26
2,151,069 2,108,048 816,184 797,171 104,205 101,354 104,205 101,354 104,205 101,354 107,907 107,907 107,907 107,907 107,907 107,907 107,907 107,007	2,065,887	1,621,136	1,272,133	998,26
816,184 797,171 104,205 101,354 104,205 101,354 108,817 67,907 0	770 605	588,388	1,272,133	998,26
Tot,205 101,354 104,205 101,354 89,817 67,907 0 0 0 0 0 0 0 0 0		288,388	446 422	
Term Notes Payable -3,001,640 -2,938,665 69,817 67,907 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	020,027		777,011	339,944
69,817 67,907 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 100,000 100,000	-2 877 0AA	70,860	51,134	37,026
0 0	66.051	47 470	-1,735,429	-1,350,426
0 0		0/+//+	34,260	24,807
6,005,814 6,120,477				
6,005,814 6,120,477 6,005,814 6,120,477 6,005,814 6,120,477	C			
6,005,814 6,120,477 6,005,814 6,120,477 7 6,005,814 6,120,477	0	0	0	
6,005,814 6,120,477 6,005,814 6,120,477 6,005,814 6,120,477	0	0 0	0	0
6,005,814 6,120,477 4 243,750 243,750 100,000	0		0	
6,005,814 6,120,477 6,005,814 6,120,477 100,000 100,000		0	0	
6,005,814 6,120,477 (243,750 243,750 100,000			0	
6,005,814 6,120,477 4 243,750 243,750 100,000 100,000		0	0	
243,750	6,231,777	8,140,300	11,886,957	19.067 144
243,750				
Up 243.750 Islead 100,000				
Istead 100,000	040 750			
al Group	100,000	243,750	243,750	243.750
Brown	000,001	100,000	100,000	100,000
		0	0	0
Louis Marks		0	0	0
Joe DeLorenzo		0	0	0
		0 0	0	0
New Investor(s)			0	0
Allocable Net Income (Loss)			0	0
	-740.817	-54 079		
294,984	686,744	5 464 779	5,410,699	18,164,662
-102,083 76,310	289,677	5,754,449	12 500 447	25,175,961
TOTAL LIABILITIES & CAPITAI			714'900'01	43,684,373

Cash Flow from Operating Activities Actual Actual Actual Actual Baccelos	Actual Performa Apr-03 May-03 1,102,014 1,201,283 (541,761) (586,643) (18,263) 0 (20,514) (23,346) (107,949) (115,216) (107,777) (108,839) (1,497) (1,553) (15,598) (17,036) (19,588) (21,356) (624) (680) (624) (680) (118,777) (118,777) (118,777) (118,777) (118,777) (118,777) (118,777)	(17.546) (18.570) (18.570) (18.570) (16.70) (16.70) (16.70) (16.70) (16.70)	1,420,972 (692,607) 0 (27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (805)	Aug-03 1,542,747 1,542,747 (751,344) 0 (29,624) (140,419) (161,613) (17,749) (21,966) (27,436) (874) (104,110)	Sep-03 1,673,455 (814,390) 0 (32,022) (150,122) (175,305) (175,305) (1,825) (23,848) (29,762) (948) (104,110) (104,110)	0ct-03 1,813,891 (882,128) 0 (34,595) (156,920) (159,920)
1960 1960			1,420,972 1,420,972 (692,607) 0 (27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (805)	29,624) (1542,747 (751,344) 0 (29,624) (140,419) (161,613) (17,749) (17,749) (21,966) (27,436) (874) (104,110)	Sep-03 1,673,455 (814,390) 0 (32,022) (150,122) (175,305) (175,305) (175,305) (175,304) (1,825) (23,848) (29,762) (948) (104,110) (104,110)	004-03 1,813,891 (882,128) 0 (34,595) (160,570) (190,017) (190,017) (159,920) (159,920) (159,920) (16,927) (1,027) (1,027) (1,027) (1,027)
COMX COMX			(692,607) (692,607) (27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (104,110)	(751,344) 0 (29,624) (140,419) (161,613) (17,749) (27,436) (874) (104,110)	(814,390) (814,390) (814,390) (150,122) (175,305) (175,305) (1,825) (1,825) (1,825) (29,762) (29,762) (104,110) (104,110)	004-03 (882,128) (882,128) (160,570) (160,677) (159,920) (159,920) (159,920) (1,907) (1,027) (1,027) (1,027) (1,027) (1,027)
COMX) COMX			(692,607) (692,607) (27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (104,110)	(751,344) 0 (29,624) (140,419) (161,613) (17,749) (21,966) (27,436) (27,436) (874) (104,110) (16,028)	(814,390) (814,390) 0 (32,022) (150,122) (175,305) (176,305) (176,305) (1,825) (23,848) (23,848) (29,762) (948) (104,110)	(1,813,891) (882,128) (882,128) (9,570) (160,570) (160,570) (1,907) (1,907) (1,027) (1,027) (1,027) (1,027) (1,027) (1,027) (1,027) (1,027) (15,859) (1,027) (1,027) (1,027) (1,027) (15,857) (1,027) (15,857) (15,857)
COMX (18,263)			(692,607) (692,607) (27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (104,110)	(751,344) (751,344) (140,419) (140,419) (177,106) (1,749) (21,966) (27,436) (27,436) (874) (104,110) (16,028)	(814,390) (814,390) 0 (32,022) (150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(1,813,891) (882,128) (882,128) (34,595) (160,570) (190,017) (159,920) (1,907) (25,869) (32,262) (1,027) (104,110) (15,357) (15,387) (15,387) (15,387) (15,387) (15,387) (15,387) (15,387) (15,387) (15,387) (15,387)
COMIX)			(692,607) 0 (27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (104,110)	(751,344) 0 (29,624) (140,419) (161,613) (177,106) (1,749) (21,966) (27,436) (874) (104,110)	(814,390) 0 (32,022) (150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(882,128) (882,128) (100,570) (160,570) (190,017) (159,920) (1,907) (1,907) (1,907) (1,007) (1,007) (1,007) (1,007) (1,007) (1,007) (1,007)
COMX			(692,607) 0 (27,388) (148,856) (126,950) (1,678) (20,210) (25,268) (104,110)	(751,344) 0 (29,624) (140,419) (161,613) (1749) (21,966) (27,436) (874) (104,110) (16,028)	(814,390) 0 (32,022) (150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(882,128) (34,595) (160,570) (190,017) (1,907) (1,907) (25,869) (32,262) (1,027) (1,027) (1,027) (1,027) (1,027)
18,263 (18,263) (18,263) (18,263) (18,263) (18,263) (18,263) (18,263) (18,263) (18,263) (18,263) (10,170) (11,170)			(27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,268) (805)	(29,624) (140,419) (161,613) (137,106) (1,749) (21,966) (27,436) (874) (104,110)	(32,022) (150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(34,595) (160,570) (160,570) (159,920) (1,907) (25,869) (32,262) (1,027) (10,27) (16,357)
(18,793) (18,793) (18,793) (18,793) (18,793) (18,793) (18,793) (19,793) (112,069			(27,388) (131,402) (148,856) (126,950) (1,678) (20,210) (25,288) (805)	(29,624) (140,419) (161,613) (137,106) (1,749) (27,436) (874) (104,110)	(32,022) (150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	0 (34,595) (160,570) (190,017) (159,920) (1,907) (25,869) (32,262) (1,027) (1,027) (1,027)
(24,343) (88,791) (94,841) (101,170) (10,100)			(131,402) (148,856) (126,950) (1,678) (20,210) (25,288) (805) (104,110)	(140,419) (161,613) (17,749) (21,966) (27,436) (874) (104,110) (16,028)	(150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(34,595) (160,570) (190,017) (159,920) (1,907) (25,869) (32,262) (1,027) (1,027) (164,110)
(10, 10, 10, 10, 10, 10, 10, 10, 10, 10,			(148,856) (126,950) (1,678) (20,210) (25,288) (805) (104,110)	(161,613) (161,613) (177,106) (21,966) (27,436) (874) (104,110) (16,028)	(150,122) (175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(160,570) (190,017) (159,920) (1,907) (25,869) (32,262) (1,027) (1,027) (15,357)
(30,881)			(126,950) (1,678) (20,210) (25,268) (805) (104,110)	(191,013) (137,106) (1,749) (21,966) (27,436) (874) (104,110) (16,028)	(175,305) (148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(190,017) (159,920) (1,907) (25,869) (32,262) (1,027) (1,027) (15,357)
(1,666) (1,314) (1,397) (1,446) (1,246) (1,273) (12,273) (14,246) (12,273) (14,246) (12,273) (14,246) (12,069) (12,069) (12,069) (12,069) (112,069			(126,950) (1,678) (20,210) (25,268) (805) (104,110)	(137,106) (1,749) (21,966) (27,436) (874) (104,110) (16,028)	(148,074) (1,825) (23,848) (29,762) (948) (104,110) (15,689)	(159,920) (1,907) (25,869) (32,262) (1,027) (16,110) (15,357)
(10,797) (11,770) (12,973) (14,246) (12,273) (14,246) (12,273) (14,246) (16,972) (16,972) (16,972) (16,972) (16,972) (16,972) (16,972) (16,972) (112,069			(26,210) (25,268) (805) (104,110)	(27,436) (27,436) (27,436) (874) (104,110)	(1,825) (23,848) (29,762) (948) (104,110)	(1,907) (25,869) (32,262) (1,027) (104,110) (15,357)
(12,273)			(26,210) (25,268) (805) (104,110)	(27,436) (27,436) (874) (104,110) (16.028)	(29,762) (948) (104,110) (15,689)	(32,262) (1,027) (1,027) (15,357)
(422)			(25,268) (805) (104,110)	(27,436) (874) (104,110) (16,028)	(29,762) (948) (104,110) (15,689)	(32,262) (1,027) 104,110) (15,357)
TNG ACTIVITIES (112,069) ((118) (17) (64)		(805)	(874) (104,110) (16,028)	(948) (104,110) (15,689)	(1,027) (1,027) 104,110) (15,357)
TNG ACTIVITIES (112,009) ((104,110)	(104,110)	(104,110) (15,689)	(15,357 (15,357 208 128
TING ACTIVITIES TARGED (18.617) (18.627) (17.840) T7.729 6.099 33.825 43,009 T0.00 0 0 0 0		L	(011,10)	(16,028)	(15,689)	104,110 (15,357) 206,128
MGACTIVITES 6,099 33.825 43,009 NGACTIVITES 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0				(16,028)	(15,689)	(15,357) POR 128
VGACTIVITES 0 0 0 0 stock 0 0 0 0 on stock 0 0 0 0 on stock 0 0 0 0			(16,374)			20A 128
VGACTWIFES 0 0 0 Stock 0 0 0 on stock 0 0 0 on stock 0 0 0 on stock 0 0 0		101,735	125,322	150,479	177,359)
NG ACTIVITES 0 0 0 stock 0 0 0 on stock 0 0 0 on stock 0 0 0 on stock 0 0 0						
NGACTIVITES 0 0 0 stock 0 0 0 non stock 0 0 0 0 0 0 0						
VGACTIWITES 0 0 0 stock 0 0 0 non stock 0 0 0 o 0 0 0		0	0	C	c	
NG ACTIVITES 0 0 0 stock 0 0 0 non stock 0 0 0)	D
stock non stock 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0 0	0	0	0	0	0
stock non stock 0 0 0 0 0		>	O _	0	0	0
stock 0 0 0 0 0 0 0 0						
0000						
0	0	0	C	c	0	
	0	0	0 0	0 0	0	0
F00 t)	0	0
(77,398)	(75,705) (74,051)	(72.434)	(70 854)	(000000)	1,00 10/	
(96,839) (72,629) (54,472) (40,854)	(30,641) (22,980)	(17,235)	(10,004)	(08,310)	(67,801)	(66,327)
EMANCING ACTIVITIES	(10,000)	(10,000)	(40,000)	(080,8)	(7,271)	(5,453)
(95,514) (90,655) (132,582) (118,252)	,	(90,660)	(10,000)	(10,000)		(10,000)
		(600,66)	(93,781)	(89,005)	(85,073)	(81,780)
(84,556) (98,757) (75,243)	(82,582) (42,127)	2.065	34 5.41	64 670		
(172,341) (271,099) (346,341)	(428,923) (471,050)		(457 440)		92,287	124,348

			Total -2003	Total 2004	Total 2005	Total 2006
Cash Flow from Operating Activities	Nov-03	Dec-03	12 Months	12 Months	12 Months	12 Months
Receipts						
Collections from Customers	1 064 005	0.77				
Payments	CO8,408,1	2,110,595	16,889,092	38,053,272	71,037,694	13,817,612
To ILECs & Related Costs	(95/1 069)	(1 005 040)				
To order billing & processing (COMX)	(006,100)	(1,025,240)	-8,244,872	-18,441,198	-34,350,896	-6,672,000
	02020	0 (0)	-/3,050	0	0	0
To Operations - Current	(90,727)	(49,150)	-298,091	-713,124	-1,333,430	-258,444
To commissions	(171,827)	(181,224)	-1,566,549	-3,040,739	-5,355,775	-1,007,109
To advertising	(402,040)	(221,099)	-1,769,242	-3,986,328	-7,441,661	-1,447,485
To Distribution Channel Support	(4,000)	(1/6,312)	-1,425,695	-2,946,703	-5,264,778	-972,541
To telephone	(1,996)	(2,056)	-20,031	-30,610	-47,361	-8,091
To Billing	(28,039)	(30,231)	-240,358	-553,834	-1,040,910	-202.425
To Misc	(34,950)	(37,531)	-297,835	-678,538	-1,267,434	-246.224
To Fixed Expenses	(1,113)	(1,195)	-9,563	-21,548	-40,225	-7 824
For interest	(104,110)	(104,110)	-1,302,532	-1,249,324	-1,249,324	-104 110
DM/ EPOM OPERA	(15,033)	(14,715)	-199,161	-154,187	-119.569	-6 876
C. C	241,757	267,731	1,442,112	6,237,140	13,526,331	2,884,483
Cash flow from investing activities						
New Investor(s)						
Purchase of assets	2	D	0	0	0	0
Sale of assets		0		0	0	0
NET CASH FLOW FROM INVESTING ACTIVITES	0	0 6	0	0	0	0
Cash flow from financian cash is) 		9	0	0	
Proceeds from issuing common stock			-			
Proceeds from issuing new common stock						
Proceeds for short-term notes		0	0	0	0	0
Proceeds from issuing long-term debt	0	0	0	0	0	0
Payment of long-term debt	(900 /9)	(mer) 00)	0	0	0	0
Payment of A/P - Past Due	(04,886)	(63,477)	(798,378)	(662,711)	(1,275,814)	-89.322
Payment of Other A/P	(4,090)	(3,068)	(281,315)	(8,911)	(254)	0
NET CASH FLOW FROM FINANCING ACTIVITIES	(370,89)	0	(000'09)	0	0	0
	(0 (8 go)	(00,344)	(1,139,694)	(671,622)	(1,276,068)	-89,323
NET INCREASE (DECREASE) IN CASH	172,781	201,186	302,418	5,565,518	12.250.263	
COLLIGIA IN CASH						

Exhibit G

CAPITAL EXPENDITURES BUDGET

2004		
2004	2005	2006
5 Computers @ \$1,050.00	10 Computers @ \$1,200.00	15 Computers @ \$1,300.00

EXHIBIT H

TENNESSEE REGULATORY AUTHOUTY

TENNESSEE TELECOMMUNICATIONS SERVICE PROVIDER'S SURETY BOND

Bond # 92 EN 9146 4

WHEREAS, EZ TALK COMMUNICATIONS LLC (the "Principal"), has applied to the Tennessee Regulatory Authority for authority to provide telecommunication services in the State of Tennessee, and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated, as amended, the Principal is required to file this bond in order to obtain such authority and to secure the payment of any monetary sanction imposed in any enforcement proceeding brought under Title 65 of the Tennessee Code Annotated or the Consumer Telemarketing Act of 1990 by or on behalf of the Tennessee Regulatory Authority (the "TRA"), and

WHEREAS, STATE FARM FIRE AND CASUALTY COMPANY (THE "Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 125(j) of the Tennessee Code Annotated;

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 125(j), in the full amount of twenty thousand dollars (\$20,000.00) lawful money of the United States of America to be used for the full and prompt payment of any monetary sanction imposed against the Principal, its representatives, successors or assigns, in any enforcement proceeding brought under Title 65 of Tennessee Code Annotated or the Consumer Telemarketing Act each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the <u>23RD</u> day of <u>OCTOBER</u>, <u>2000</u>, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Twenty Thousand Dollars (\$20,000.00). The Surety may cancel this bond by giving thirty (30) days written notice of such cancellation to the TRA and Principal by certified the date of cancellation.

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 125, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AS AMENDED BY CHAPTER NO. 586, 2000 PUBLIC ACTS. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

STATE FARM FIRE AND CASUALTY COMANY

KNOW ALL PERSONS BY THESE P. SENTS: That STATE FARM FIRE AND CASC. TY COMPANY, an Illinois corporation, with a principal office in Bloomington, Illinois, does hereby constitute and appoint: John C. Anderson, Lezlie L. Ballenger, Teresa L. Brown, Ceo Campbell, Pamela Chancellor, Norma Christiansen, Erin Croft, Ruth Davis, Julie Freed, John Gibson, Christine M. Goben, William L. Gordon Suzanne M. Greif, Christy Herald, John R. Horton, Cynthia Johnson, Mary Johnson, Susan K. Johnson, Linda Kagel, Mary K. Kerfoo DeAnna Kerrick, Julia Klinzing, G.F. Krawcyk, Amber Laubenstein, Janet R. Leake, Donna K. O'Crowly, Michael D. O'Donnell, James Platt Susan M. Wagoner, Karen Weber, Wilma L. Weinzierl, Kim Wietfeldt, Susan Wiggins of Bloomington, Illinois its true and lawful Attorney(s)-in nature of a bond as follows: Any such obligation in any amount

This appointment is made under and by the authority of a resolution which was passed by the Executive Committee of the Board of Directors of State Farm Fire and Casualty Company on the 24th day of July, 1974, as is duly authorized by the Board of Directors in Article II Section 6 of the By-Laws of the Company, which resolution is:

Section 6 of the By-Laws of the Company, which resolution is:

Resolved, that the Executive Vice-President or a Vice-President of the Company is (next) authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, contracts of indemnity or other writings obligatory in the nature of a bond, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the appointed, may be removed for good cause and the authority so granted may be recorded as specified in the Power of Attorney.

Resolved, that the signature of the Executive Vice-President or any Vice-President and the seal of the Power of Attorney.

facsimile on any power of attorney granted, and the signature of the Sectedary Vice-President or Assistant Secretary, and the seal of the company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature with respect to any bond or undertaking to which it is attached, company to be valid and binding on the Company. Any such power to resolve the bearing on the Company. IN WITNESS THEREOF, STATE FARM FIRE AND CASUAL TO MPANX has reassed this instrument to be signed by its Vice-President.

IN WITNESS THEREOF, STATE FARM FIRE AND CASUALT COMPANY has caused this instrument to be signed by its Vice-President, and its Corporate Seal to be affixed this 22nd day of July 1998. This APPOINTMENT SHALL CEASE AND TERMINATE AUTOMORGALLY AS OF DECEMBER 31, 2001, UNLESS SOONER REVOKED AS PROVIDED.

STATE FARM FIRE AND CASUALTY COMPANY

Vice-President

THIS POWER (NVALID IF GREEN IMPRINTS ARE NOT PRESENT IN THEIR ENTIRETY

STATE OF ILLINOIS

On this 22nd day of Joly 1998, before me personally came W. Donald Sullivan to me known, who being duly sworn, did depose and say that he is Vice-President of STATE FARM FIRE AND CASUALTY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such Corporate Seal; and that he executed said instrument on behalf of the corporation by authority of his office under the By-Laws of said corporation.

"OFFICIAL SEAL" Ruth Davis Notary Public, State of Illinois My Commission Expires 4/13/02

Notary Public My commission expires April 13, 2002

CERTIFICATE

I, the undersigned Vice-President of STATE FARM FIRE AND CASUALTY COMPANY, do hereby certiare now in force.	
are now in force	fy that the original Davis
Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked a Signed and sealed at Bloomington Illinois Detail this 22/01/2019	nd the resolutions asset forth
Signed and sealed at Bloomington, Illinois. Dated this	asset iorth
day of	· ·



Vice-President

EXHIBIT I

EZ TALK COMMUNICATIONS, LLC

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS
BUSINESS PARTICIPATION PLAN

Pursuant to T.C.A §65-5-212, as amended, EZ Talk Communications, LLC ("CLECI") submits this small and minority-owned Telecommunications business participation plan (the "Plan") along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate and local exchange services in Tennessee.

I. PURPOSE

The purpose of §65-5-212 is to provide opportunities for small and minorityowned businesses to provide goods and services to Telecommunications service providers. CLECI is committed to the goals of §65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. CLECI will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontract for goods and services. As part of its procurement process, CLECI will make efforts to identify and inform minority-owned and small businesses that are qualifies and capable of providing goods and services to CLECI of such opportunities. CLECI'S representatives have already contacted the Department of Economic and Community Development, the administrator of the small and minority-owned Telecommunications assistance program, to obtain a list of qualified vendors. Moreover, CLECI will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. **DEFINITIONS**

As defined in §65-5-212.

Minority-Owned Business. Minority-owned business shall mean a business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operating of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small Business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

III. ADMINISTRATION

CLECI'S Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting CLECI's full efforts to provide equal

opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

James C. Brown EZ Talk Communications, LLC 4727 South Main Stafford, Texas 77477 Telephone (281) 340-0773 Facsimile (281) 274-7710

The Administrator's responsibilities will include:

- (1) Maintaining and updated Plan in full compliance with §65-5-212 and the rules and orders of the Tennessee Regulatory Authority.
- (2) Establishing and developing policies and procedures necessary for the successful implementation of the Plan.
- (3) Preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.
- (4) Serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in §65-5-212.
- (5) Searching for and developing opportunities to use small and minorityowned business and encouraging such business to participate in and bid on contracts and subcontract.
- (6) Providing records and reports and cooperates in any authorized surveys as required by the Tennessee Regulatory Authority.
- (7) Establishing a record-keeping system to track qualifies small and minority-owned businesses and efforts to use such businesses.
- (8) Providing information and educational activities to persons within CLECI and training such persons to seek out, encourage, and promote the use of small and minority owned businesses.

In performance of these duties, the Administrator will utilize a number of resources including:

Chambers of Commerce

The Tennessee Department of Economic and Community Development The United States Department of Commerce

Small Business Administration

Office of Minority Business

The National Minority Supplier Development Counsel

The National Association of Women Business Owners The National Association of Minority Contractors

Historically Black Colleges, Universities, and Minority Institutions

The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above. Additional efforts to provide opportunities to small and minority-owned businesses will include offering, where appropriate and feasible, small and minority-owned businesses assistance with technical, insurance, bonding, licensing, productions, and deadline requirements.

IV. RECORDS AND COMPLIANCE REPORTS

CLECI will maintain records of qualified small and minority-owned business and efforts to use the goods and services of such businesses. In addition, CLECI will maintain records of educational and training activities conducted or attended and of the internal procurement procedures adopted to support this plan.

CLECI will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, CLECI will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority.

EZ Talk Communications, LLC

James C. Brown

President

EXHIBIT J

INTRALATA TOLL DIALING PARITY PLAN CHECKLIST

- 1. Implementation date of Intralata Toll Dialing Parity was October, 1998.
- Exchanges in which intralata toll dialing parity will be provided are Adams-2. Cedar Hill, Arlington, Ashland City, Athens, Bean Station, Bells, Bent Creek, Benton, Bethel Springs, Big Sandy, Blanche, Bolivar, Brownsville, Bulls Gap, Camden, Carthage, Cedar Grove, Centerville, Charleston, Charlotte, Chattanooga, Chestnut Hill, Clarksville, Cleveland, Clinton, Collierville, Columbia, Copper Basin, Covington, Cross Plains-Orlinda, Culleoka, Cumberland City, Cumberland Gap, Cunningham, Dandridge, Dayton, Decatur, Dickson, Dover, Dyer, Dyersburg, Eagleville, East Sango, Elkton, Etowah, Fairview Fayetteville, Flintville, Fork Ridge, Franklin, Fredonia, Gallatin, Gatlinburg, Georgetown, Gibson, Gleason, Goodlettsville, Grand Junction, Greenback, Greenbrier, Greenfield, Halls, Hampshire, Harriman, Hartsville, Henderson, Hendersonville, Henning, Hohenwald, Hornbeak, Humboldt, Huntingdon, Huntland, Jackson, Jasper, Jefferson City, Jellico, Kenton, Kingston, Kingston Springs, Knoxville, LaFollette, LaGrange, Lake City, Lawrenceburg, Lebanon, Lenoir City, Lewisburg, Lexington, Loudon, Lyles, Linchburg, Lynnville, Madisonville, Manchester, Maryville, Mascot-Strawberry Plains, Maynardville, McEwen, McKenzie, Medina, Memphis Metro, Michie, Middleton, Milan, Morristown, Moscow, Mt. Pleasant, Murfreesboro, Nashville, Newbern, Newport, Normandy, Norris North Spring Hill, Oak Ridge, Old Hickory, Oliver Springs, Palmyra, Paris, Petersburg, Pleasant View, Portland, Pulaski, Ridgely, Ripley, Rockwood, Rogersville, Sango, Santa Fe, Savannah, Selmer, Sevierville, Sewanee, Shelbyville, Smyrna, Sneedville, Soddy-Daisy, Solway, Somerville, South Cunningham, South Fredonia, South Fulton, South Guthrie, South Oak Grove, South Pittsburg, Spencer Mill, Spring City, Springfield, Spring Hill, Summertown, Surgoinsville, Sweetwater, Tiptonville, Trenton, Triune, Troy, Tullahoma, Union City, Vanleer, Wartrace, Watertown, Waverly, West Vanleer, West Sweetwater, West Whiteville, White Bluff, White House, White Pine, Whiteville, Whitwell, Williamsport, Winchester, Baileytown, Blountville, Bluff City, Bristol, Butler, Church Hill, Elizabethton, Erwin, Fall Branch, Greeneville, Hampton, Johnson City, Jonesborough, Kingsport, Limestone, Midway, Mosheim, Mountain City, Roan Mountain, Stoney Creek & Sullivan Gardens.
- 3. Due to EZ Talk Communications, LLC being a pre-paid Local Exchange Carrier only, no toll service can be activated on our service, all toll service is blocked with customers knowledge.

- 4. Due to EZ Talk Communications, LLC being a pre-paid Local Exchange Carrier only, no toll service can be activated on our service, all toll service is blocked with customers knowledge.
- 5. Due to EZ Talk Communications, LLC being a pre-paid Local Exchange Carrier only, no toll service can be activated on our service, all toll service is blocked with customers knowledge. Therefore, no PIC's are required.
- 6. All customers are educated regarding our service by a Welcome Letter, on their initial call to our Customer Service Department, monthly statements and by our Web Site.
- 7. Chattanooga, Knoxville, Memphis. Nashville and Tri-Cities Lata's are what we propose to associate.
- 8. No PIC change charge waiver period exists.
- 9. Anti-slamming procedures consist of obtaining a recording of customers call with a third-party verifying company and by customer's signature.
- 10. All customers will have access to telephone numbers and director listings. Due to EZ Talk Communications, LLC being a pre-paid Local Exchange Carrier only, no operator services or directory services can be accessed, these services are blocked with customers knowledge.
- 11. EZ Talk Communications, LLC will comply with all rules of the FCC and the TRA.

Exhibit K

INCUMBENT LOCAL EXCHANGE SERVICE PROVIDERS <u>CERTIFIED IN TENNESSEE</u> (FACILITIES-BASED)

- Ardmore Telephone Company, Inc. P.O. Box 549
 Ardmore, TX 38449
 (205) 423-2131
 (205) 423-2208 (Fax)
- Bell South
 333 Commerce Street
 Nashville, TN 37201-3300
 (615) 214-3800
 (615) 214-8820 (Fax)
- 3. Century Telephone of Adamsville P.O. Box 405
 116 N. Oak Street
 Adamsville, TX 38310
 (901) 632-3311
 (901) 632-0232 (Fax)
- 4. Century Telephone of Claiborne P.O. Box 100 507 Main Street New Tazewell, TN 37825 (423) 626-4242 (423) 626-5224 (Fax)
- 5. Century Telephone of Ootewah-Collegedale, Inc. P.O. Box 782
 5616 Main Street
 Ooltewah, TN 37363
 (423) 238-4102
 (423) 238-5699 (Fax)
- Citizens Communications Company of Tennessee
 P.O. Box 770
 300 Bland Street
 Bluefield, WV 24701

- 7. Citizens Communications Company of the Volunteer State
 P.O. Box 770
 300 Bland Street
 Bluefield, WV 24701
- 8. Loretto Telephone Company, Inc. P.O. Box 130 Loretto, TN 38469 (931) 853-4351 (931) 853-4329 (Fax)
- 9. Millington Telephone Company, Inc. P.O. Box 429
 4880 Navy Road
 Millington, TN 38083
 (901) 872-3311
 (901) 873-0022
- 10. Sprint-United 112 Sixth Street Bristol, TN 37620 (423) 968-8161 (423) 968-3148 (Fax)
- 11. TDS Telecom-Concord Telephone Exchange, Inc. P.O. Box 22610
 701 Concord Road
 Knoxville, TN 37933-0610
 (423) 966-5828
 (423) 966-9000 (Fax)
- 12. TDS Telecom-Humphreys County Telephone Company P.O. Box 552
 203 Long Street
 New Johnsonville, TN 37134
 (931) 535-2200
 (931) 535-3309 (Fax)
- 13. TDS Telecom-Telecom-Tellico Telephone Company, Inc. P.O. Box 9
 102 Spense Street
 Tellico Plains, TN 37385-0009
 (423) 671-4600
 (423) 253-7080 (Fax)

- 14. TDS Telecom-Tennessee Telephone Company P.O. Box 18139
 Knoxville, TN 37928-2139
 (423) 922-3535
 (423) 922-9515 (Fax)
- 15. TEC-Crockett Telephone Company, Inc. P.O. Box 7
 Friendship, TN 38034
 (901) 677-8181
- 16. TEC People's Telephone Company, Inc. P.O. Box 310
 Erin, TN 37061
 (931) 289-4221
 (931) 289-4220 (Fax)
- 17. TEC-West Tennessee Telephone Company, Inc. P.O. Box 10
 244 E. Main Street
 Bradford, TN 38316
 (901) 742-2211
 (901) 742-2212 (Fax)
- 18. United Telephone Company P.O. Box 38
 120 Taylor Street
 Chapel Hill, TN 37034
 (931) 364-2289
 (931) 364-7202 (Fax)

Exhibit L

NUMBERING ISSUES

- 1. EZ Talk Communications, LLC ("CLECI") does not own any facilities of any kind. CLECI is a Reseller buying service from the Incumbent Local Exchange Carrier. Therefore, CLECI solely relies on the Incumbent Local Exchange Carrier for NXXs.
- 2. CLECI does not own any facilities of any kind. CLECI is a Reseller buying service from the Incumbent Local Exchange Carrier. Therefore, CLECI solely relies on the Incumbent Local Exchange Carrier and will not be requesting NXXs from NANPA.
- 3. CLECI will service all the Bell South and the Sprint/United area's of TN.
- 4. CLECI does not own any facilities of any kind. CLECI is a Reseller buying service from the Incumbent Local Exchange Carrier. Therefore, CLECI solely relies on the Incumbent Local Exchange Carrier for its telephone numbers.
- 5. CLECI does not own any facilities of any kind. CLECI is a Reseller buying service from the Incumbent Local Exchange Carrier. Therefore, CLECI solely relies on the Incumbent Local Exchange Carrier to conserve TN numbering resources.
- 6. CLECI does not own any facilities of any kind. CLECI is a Reseller buying service from the Incumbent Local Exchange Carrier. Therefore, CLECI solely relies on the Incumbent Local Exchange Carrier for NXXs.

Exhibit M

TENNESSEE SPECIFIC OPERATIONS ISSUES

- 1. EZ Talk Communications, LLC ("CLECI") intends to comply with TCA §65-21-114 by only charging our customers one basic monthly rate no matter how many countywide calls that are placed.
- 2. CLECI is aware of the TN County Wide Calling database maintained by Bell South and the procedures.
- 3. CLECI is aware of the local calling area provided by the Incumbent Local Exchange Carriers in our service area's.
- 4. CLECI intends to only charge our customers one basic monthly rate no matter how many calls placed within the metro calling area.
- 5. Eileen Singleton (281) 274-7785
- 6. CLECI does not intend to telemarket in TN.

Exhibit N

BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE

PRE-FILED TESTIMONY OF JAMES C. BROWN

I, James C. Brown, do hereby testify as follows in support of the application of EZ Talk Communications, LLC ("CLECI") for a Certificate of Convenience and Necessity as a competing telecommunications services provider to provide telecommunication services throughout the State of Tennessee.

- 1. James C. Brown
 President
 4727 South Main
 Stafford, Tx 77477
 (281) 340-0773
- 2. I oversee all company operations and finances on a daily basis.
- 3. Founding shareholder of Company. Graduated with a B.B.A. in Business Management from Texas A&I in 1971. My background includes successfully owning and operating several different companies that I eventually sold to publicly traded companies. I have been in the telecommunications industry in many different executive capacities since 1996.
- 4. Yes, all statements made by EZ Talk Communications, LLC are true and correct to the best of my knowledge, information and belief.
- 5. The corporate structure of CLECI is a Limited Liability Company.
- 6. CLECI possess' the managerial, financial and technical abilities to provide services.
- 7. CLECI has a number of financing vehicles in place to ensure adequate liquidity in meeting its anticipated funding needs. The Company has commercial paper programs totaling three (three) Million, which are fully backed credit lines and personal guarantees.
- 8. CLECI managerial and technical qualifications are to provision all customer orders via EDI with Bell South and Sprint/United. In addition, CLECI has developed a proprietary payment mechanism using a combination of verifone, PC modems and the Internet that allows it to collect payments from customers immediately. CLECI's Information Technology Manager has over 20 years of developing systems. Also see Exhibit E.
- CLECI will provide prepaid local telecommunication exchange service and all calling features
- 10. CLECI will offer service to all consumers in our operating area.

- 11. CLECI plans to offer local exchange telecommunications service in only Bell South and Sprint/United area's in the State of TN
- 12. Yes, by granting CLECI a Certificate of Convenience and Necessity will serve the public interest because we serve some customers that the ILEC refuses to serve due to for example bad credit history or no credit history. No one is refused service with CLECI.
- 13. CLECI intends to comply with all TRA rules, statues and orders pertaining to the provision of telecommunications services in TN, including those for disconnection and reconnect of service.
- 14. No state has ever denied CLECI or one of its affiliates authorization to provide intrastate service.
- 15. No state has ever revoked CLECI's certification.
- 16. CLECI has never been formerly investigated or sanctioned by any regulatory authority for service or billing irregularities.
- 17. Eileen Singleton will serve as CLECI's regulatory and customer service contact.
- 18. CLECI intends to respond in a timely manner to TRA and its staff regarding any information requests either by e-mail, U.S. mail, overnight mail or facsimile.
- 19. This does conclude my testimony.

I swear that the foregoing testimony is true and correct to the best of my knowledge.

James C. Brown

President

EZ Talk Communications, LLC

Subscribed and sworn to me this <u>20th</u> day of May, 2003

Notary Public

State of Texas

County of Fort Bend

My Commission Expires 8/19/2004

Eileen Singleton
Notary Public, State of Texas
My Commission Expires
AUGUST 19, 2004